Building Trust in NGOs

https://www.e-ir.info/2018/08/10/building-trust-in-ngos/

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NGOs have faced a series of high-profile scandals in the past few years that have led governments, regulators, and donors to question how we can re-build trust in these organizations. These scandals have featured diverse breaches of the public trust. This includes a misuse of charity funds (Kids Company), inappropriate ethical conduct of staff towards beneficiaries (Oxfam), and use of high pressure sales tactics on elderly or vulnerable people when fundraising (multiple charities). The response to each of these scandals has been characterized by a call for NGOs to reform themselves to regain the public's trust. Many of these calls have focussed on issues of accountability and transparency – that if NGOs become more transparent, we will be more likely to trust them. While the NGOs in the above-mentioned examples have each taken reform measures (or been forced to do so) to improve their accountability (Public Administration and Constitutional Affairs Committee, 25 Jan 2016, HC 431; Committee of Public Accounts, 13 Nov 2015, HC 504), trust seems to be an issue still within the sector.

The issue of trust and perceptions of trustworthiness are exceptionally important to NGOs, particularly donor trust in their work. Given the competitive NGO marketplace vying for donor money, perceptions of untrustworthiness can be fatal to an NGO, leading donors to start to divert their resources to other charities – or stop interacting with the NGO altogether. Although it is clear why trust might be important for NGOs, it is less clear how NGOs may be able to regain trust, particularly in the aftermath of a public scandal.

In response to concerns over NGOs' trustworthiness, a report commissioned by England and Wales' main regulatory body, the Charity Commission, shows that there is expressed public desire for "greater authenticity not just more transparency" in charitable organisations that revolves around NGOs' ethos and values to keep tabs on undesirable behaviour in the sector (Charity Commission and Populus, 2018, 2). This shift in attitude is revealing, as it seems to imply a public reckoning of the limitations inherent in accountability frameworks as hitherto used and their effectiveness in regulating NGOs. It is therefore interesting to explore this shift in emphasis, why would a regulator not stick to focusing solely on accountability measures? Why might authenticity and values, rather than more rules and transparency, be important in its strategy to rebuild trust with donors and the public more broadly?

We argue that the accountability frameworks historically proposed as a solution to a loss of public trust in NGOs relied too much on rational trust assumptions, and that social sources of trust have been an overlooked aspect in this debate. This recent report by the Charity Commission, however, is a sign of the debate shifting to include social factors such as authenticity and values – alongside measures of transparency – that can influence trust. We argue such transformation is a positive first step in recognising the importance of how social factors can be stressed by regulators to help NGOs increase the public perceptions of their trustworthiness.

To explain our position, it is important to know that, in addition to domestic regulation, NGO accountability measures also rely heavily on self-regulatory frameworks, often drawn from existing public and private sector frameworks, and are chiefly guided by self-interest or shared norms (Crack, 2017). Accountability frameworks overall encourage NGOs to report their activities, and signal information to donors on exactly how their money is being used (Deloffre, 2016; Gugerty and Prakash, 2010; Tremblay-Boire and Prakash, 2017). Such schemes are often complemented with simple forms of punishment, such as the NGO losing its right to use the logo of a particular funding scheme if expectations are not met. Whether such regulatory frameworks are norm-driven or aim to send 'reputational signals to donors' (Crack, 2017) it is clear they imply trust building. Yet the regulatory strategy that almost all such

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accountability schemes have in common is their use of managerial vocabulary and criteria, such as transparency, effectiveness, and efficiency, increasingly framed as risk-led regulation (Charity Commission, 2018).

But why do we think that these activities will build trust? We believe that this combination of transparency and punishment mechanisms are based on an implicit rational model of trust, where trust is built by exposure to information about the character and interests of the organization, often based on previous behaviour. The more information there is available, the greater the chance that the public can judge whether an NGO is likely to be trustworthy or not. The possibility of punishment is also important because the public will also be aware of wrongdoings and this will dissuade NGOs from acting in an unethical manner, again increasing the trust in the organization (Keating and Thrandardottir, 2017).

We can see the effect of this model in the sheer number of voluntary accountability measures that NGOs can follow or organizations that support NGO transparency. These include GuideStar, the Sphere handbook, Charity Navigator, the Core Humanitarian Standard, and the INGO Accountability Charter, now known as Accountable Now. This is backed up by a host of claims by both academics and practitioners discussing various aspects of how these types of transparency measures will help to build perceptions of NGO trustworthiness (Slim 2002; Lee 2004, 7; Lloyd 2005, 6; Goddard and Assad 2005, 393-4; Sloan 2009, 220; Charity Navigator 2016; INGO Accountability Charter 2016; Schmitz et al., 2012).

Given this well-institutionalized framework of accountability, why would the Charity Commission want to also focus on ideas of authenticity? We argue this is because rational trust models only explain part of the story over why NGOs might be considered trustworthy or not. The missing component are the social influences of trust, which is signalled by the new emphasis on authenticity whereas transparency is by and large the dominant keyword (for an overview of different models of trust, see Ruzicka and Keating 2015).

Social models of trust start with the assumption that trust is not simply about a rational bet about the future behaviour of others. Though this is certainly a baseline – any charity that consistently has scandals will not be considered trustworthy – rational models miss out on the way that social identification can help to build trust even in absence of what otherwise might be considered to be 'sufficient' information. In other words, social conditions and relations can directly affect our perceptions of the trustworthiness of other actors, and this influence is an important factor in how the public trusts NGOs.

Previous research on trust has suggested that a number of causal factors will allow trust to be built quicker and without the same level of information that might otherwise be needed. These factors include shared identity and solidarity, common values, group membership and the feeling of working towards common goals (Hurley 2011, 30; Luhmann 1984, 179; Parsons 1969, 336-337; Rousseau et al. 1998, 399). It should not be entirely surprising that most donors giving to NGOs do so because they identify with the goals of the NGO or feel some connection with the cause, be it for economic development, gun rights, or the promotion of religious values.

This becomes important for building trust, because it creates a sense of familiarity with the organization absent direct experience, and when we see others as familiar, we see them more positively and are more willing to trust them. Political solidarity serves as a shorthand for the information we would otherwise need to trust the NGO. By focusing on the promotion of their values and their authenticity, NGOs can utilize these social sources of trust to help them overcome temporary scandals and setbacks. As Mark Hurst (2018) suggested, it is inevitable that NGOs have scandals, but what helps them overcome these is not just regulation but an appeal to 'the philosophy that binds them together'.

This is one potential explanation for why NGOs, although troubled by recent problems, are generally regarded as one of the most trustworthy organizations in society despite the lack of full transparency that the accountability agenda otherwise calls for (Edelman Trust Barometer). But it also helps to explain why the Charity Commission is highlighting the need for authenticity. While NGOs will almost certainly require some forms of accountability measures, these measures are also hedges against the potential for NGO defection, and like all hedges, they do not come for free (see Keating and Ruzicka, 2014). The bureaucratic measures that NGOs need to take to comply with accountability

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measures divert resources from the core programs that the NGOs exist to provide.

If there is another way of gaining trust that can complement existing accountability measures, then it makes sense to move forward with it. Focusing on authenticity and values is not only easy to do, since it is already within the existing activities of the NGO, but it can help to rebuild the trust lost by recent scandals by reminding the public of the identification and solidarity they have with these organizations. Of course, focusing on authenticity and values will not work if NGOs continue to have scandals. As we noted before, there is always a measure of observation and reflection involved in perceptions of trustworthiness – obvious and continuous defections from accepted standards will undermine even strong identity and solidarity with the cause. But for most NGOs that rarely if ever face major scandals, this focus on identity and solidarity through authenticity is the most cost-effective means of sustaining trust with the public – which is why it is important that the Charity Commission recognized it as a potential factor in future regulation guidelines.

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