

# We are IntechOpen, the world's leading publisher of Open Access books Built by scientists, for scientists

6,900

Open access books available

186,000

International authors and editors

200M

Downloads

Our authors are among the

154

Countries delivered to

TOP 1%

most cited scientists

12.2%

Contributors from top 500 universities



WEB OF SCIENCE™

Selection of our books indexed in the Book Citation Index  
in Web of Science™ Core Collection (BKCI)

Interested in publishing with us?  
Contact [book.department@intechopen.com](mailto:book.department@intechopen.com)

Numbers displayed above are based on latest data collected.  
For more information visit [www.intechopen.com](http://www.intechopen.com)



# Trust in the Nonprofit Domain: Towards an Understanding of Public's Trust in Nonprofit Organizations

Annika Becker

## Abstract

Trust in the nonprofit domain has been subject to a large interest both among scholars and practitioners over the past few years. Today, we differentiate between a range of different forms of trust, namely, organizational and sectoral trust as well as more generalized and institutional trust. Another differentiation in nonprofit literature relates to the subject that forms trust towards a nonprofit organization, reflected by the strength of the individual-organizational-relationship. In that, two forms of trust, namely, a narrow form of relational trust and broader trust among the public have evolved. While previous research provides varying conceptual approaches for explaining public's trust in the nonprofit sector, most scholars, however, approach public trust from a rather narrow relationship management perspective. This chapter conceptualizes and operationalizes public trust from a broader perspective and emphasizes that to get public support to ultimately further their missions, nonprofit organizations should strive for building, maintaining, and restoring public's trust. This chapter accordingly presents five mechanisms that are associated with public's trust in nonprofit organizations: 1) promise of mission and values, 2) organizational reputation, 3) transparency and accountability, 4) performance and social impact, and 5) use of contributions. Thereby, recent trends in academic literature are identified—nonprofit branding and nonprofit accountability—that have great ability to address these mechanisms to successfully improve public trust. Results from this chapter provide nonprofit scholars with insights into a broader conceptualization and operationalization of public trust in nonprofit organizations, and with future research ideas. Nonprofit managers may benefit by gaining insights into how to sustainably improve trust among the general public by focusing on nonprofit branding and accountability strategies.

**Keywords:** public trust, nonprofit organization, nonprofit branding, nonprofit accountability

## 1. Introduction

“Despite the diversity among NPOs, there is one thing that they have in common—*public trust* is their most valuable asset” ([1]: 265). In that, scholars have highlighted the nonprofit organization's dependency on the public's trust for legitimacy and support, and ultimately for fostering their organizational goals and

missions [2, 3]. Notwithstanding the high importance of public trust for the continuation of nonprofit organizations [4, 5], corresponding research is scattered, and disparate associations have been found. For example, in a recent meta-analysis on trust and giving in the nonprofit domain, Chapman et al. [6] investigate to what extent trust is a prerequisite for giving to nonprofits. The authors confirmed a positive association between both concepts across diverse measures considering 69 effect sizes from 42 studies sampling 81,604 people in 31 countries. Although trust and giving are positively associated, the overall relationship is relatively modest in size, varying by the form of trust, e.g. organizational and sectoral trust are more important compared to generalized and institutional trust. As another point, the authors highlight the lack of experimental and longitudinal research, still leaving open “whether trust really is a prerequisite for or consequence of charitable giving” ([6], p. 18).

Moreover, most studies conceptualize the public’s trust in nonprofit organizations primarily according to a “narrow” relationship management perspective. This perspective equates the general public with nonprofit stakeholders such as donors, volunteers, or public authorities that are directly related to the organization through actual experiences and transactions, and stronger relationships respectively. Bryce [2], for example, argues that “[t]he public’s positive or negative experiences in core transactions with an organization may be the principal bases for the impairment or improvement of the public trust”. To restore and improve public trust in nonprofit organizations, he accordingly suggests the use of relationship marketing concepts. Similarly, Sargeant and Lee [7] put public’s trust at the core of a relational fundraising approach, even though the authors find empirical evidence that “trust may operate at two levels distinguishing donors from non-donors”. However, the very same approaches to address both donor and public trust may not be reasonable.

This chapter calls into question former relationship-focused conceptualizations of public trust. The aim of this chapter is hence to move beyond the narrow trust perspective to conceptualize and operationalize public’s trust in nonprofit organizations in accordance with a broader perspective. That is, the larger public had no or few actual transactions with the organization yet, and rather vague assumptions or interests based on initial points of contact such as through the media, word-of-mouth, or the organization’s fundraising activities. In the case of a series of positive contact points, a stronger relationship might evolve subsequently at a later stage [8]. The nature of public’s trust in nonprofit organizations hence depends upon few contact points between the public and the organization, which are embedded in a comparatively loose connection between those involved. To directly address these contact points, the current chapter suggests that nonprofit organizations can send signals through the implementation of branding and accountability strategies, rather than through relationship management approaches. These strategies arise from the broad trust perspective, and from recent trends in nonprofit trust literature that turned out to be most promising, also as strategies for restoring public’s trust in the case of a scandal as we have seen them repetitively in the nonprofit domain over the past years. As such, they have ability to directly influence the mechanisms that are related to public’s trust in nonprofit organizations.

To fully evolve, this chapter claims public trust to be associated with five mechanisms, including 1) promise of mission and values, 2) organizational reputation, 3) transparency and accountability, 4) performance and social impact, and 5) use of contributions. It follows that public trust depends on how well the organization performs relating to each of these fields that act as mechanisms for strengthening trust. In contrary, if the nonprofit organization blocks one or more of these mechanisms, it impairs this trust; and at its worst, a corresponding scandal is likely to be provoked. Both for the improvement and impairment of public’s trust in nonprofit


organizations, this chapter provides nonprofit scholars and managers with insights into the mechanisms behind it, and provides strategies to successfully build, maintain, and restore public trust.

## **2. Perspectives and definition of public trust in nonprofit organizations**

The nonprofit organizations' very existence is assumed to be based on their greater trustworthiness. Nonprofit organizations are prohibited by law from distributing profits to private parties, and unlike their commercial counterparts, they do not have legal owners with residual claims [5, 9]. The nonprofit character accordingly provides signals of trust that help the public and other nonprofit stakeholders to overcome uncertainty caused by agency problems regarding the organizations' behavior and quality [4, 5, 10]. In view of some of the most recent nonprofit scandals (e.g. SOS-Children Villages or Oxfam's scandals of misconduct), scholars yet question the effectiveness of Hansmann's [9] nondistribution constraint alone to mitigate these scandals' effects [10]. Where the nonprofit character by itself cannot offer assurance regarding the organizations' good intentions, and the public has difficulties assessing the organizations trustworthiness, additional trust signals are vital [2, 11, 12].

According to the narrow perspective, these signals primarily refer to relationship-based management, marketing, and fundraising measures that are suitable to target stakeholders such as donors, or volunteers within a stronger relationship. Bryce [2] suggests sending a series of relationship messages, for example, with the purpose of affirming the ability to make discretionary decisions regarding the use of contributions, or communicating realizable future performances. As such, the narrow perspective assumes a stronger transactional relationship between the public and the organization, expecting the public to be susceptible to these messages. Although someone who has already donated to an organization is expected to value messages on how his or her donation is used, this chapter questions the larger public to be susceptible to corresponding messages. According to the broad perspective, the larger public rather relies on general cues or signals that may be derived from an organization's self-assessments, statements relating to the organizational mission and values as well as fundraising activities, annual reports, or websites. Third-party organizations such as watchdogs and funding agencies, or even word-of-mouth, and the media can provide additional signals to inform the public's assessments of the organization's trustworthiness [13, 14]. It follows that nonprofit organizations, in turn, must be able to identify and communicate trust building signals to stakeholders and the larger public to cultivate trust within their network of relationships [12]. See **Table 1** for a comparison of both perspectives on public's trust in nonprofit organizations.

Within this context, scholars have defined public's trust in nonprofit organizations mainly in accordance with a rather narrow trust perspective, and relating to strong stakeholder relationships (e.g., [1, 2, 7]). They accordingly refer to trust as a two-dimensional construct. The first dimension refers to generally positive trust-related expectations, or specific characteristics of the trustee (the nonprofit organization), such as its ability, benevolence, and integrity. Considering the special features of organizations from the nonprofit sector, the benevolence dimension is particularly dominant in this domain [16, 17]. The second dimension refers to the (nonprofit) stakeholder's willingness to accept vulnerability, which comes with an element of risk [18]. According to the broad perspective, public trust, however, evolves in the context of weak relationships between organizations and the larger public, based on initial points of contact. Such contact points may sufficiently inform the public's assessments of the organization's general trustworthiness, yet,

	"Narrow" perspective	"Broad" perspective
	[2, 7]	(This chapter; [15])
Strength of relationship between NPO and public		
	<ul style="list-style-type: none"><li>• Strong</li></ul>	<ul style="list-style-type: none"><li>• Weak</li></ul>
Ways to improve public trust	<ul style="list-style-type: none"><li>• Relationship marketing, management, and fundraising measures</li></ul>	<ul style="list-style-type: none"><li>• Nonprofit branding strategies</li><li>• Voluntary nonprofit accountability strategies</li></ul>
Dimensions of trust construct	<ul style="list-style-type: none"><li>• Positive expectations of trustworthiness of NPO</li><li>• Willingness to accept vulnerability; risk for public</li></ul>	<ul style="list-style-type: none"><li>• Positive expectations of trustworthiness of NPO</li><li>• Weak risk for public</li></ul>

**Table 1.**  
*Perspectives on public Trust in Nonprofit Organizations.*

do not contain major elements of risk. For example, if an individual from the larger public derives information from an organization’s website, this may shape the individual’s first opinion on the organization’s trustworthiness but he or she does rather face no or a weak risk at this point of (weak) relational involvement with the organization. Therefore, this chapter draws on a definition highlighted by Becker et al. [15], that builds on Morgan and Hunt’s conceptualization ([19]: 23) to explicitly focus on the first dimension, and conceptualize public trust as “existing when one party has confidence in an exchange partner’s reliability and integrity”. Public trust is hence considered an aggregate of each interaction between an individual and the organization, which further reflects the overall public attitude towards an organization [15, 20].

3. Five mechanisms associated with public trust

Based on an extensive literature review as well as former trust conceptualizations (e.g., [2]), this chapter presents five mechanisms that are associated with public’s trust in nonprofit organizations. The mechanisms relate to fundamental principles and special features of nonprofit organizations, and corresponding processes in the sector. Following all five mechanisms are explained in detail. That is, the mechanisms’ bases for the development of public trust as well as managerial actions that potentially impair public trust are presented. **Table 2** illustrates the mechanisms in an overview.

3.1 Promise of mission and values

Promise of mission and values is the first mechanism that is associated with public’s trust in nonprofit organizations. An organization’s mission refers to the organization’s long-term objective and determines its strategic direction [21], and is thus also relevant to public trust [2, 7, 22]. Values further range from ethical responsibilities to competitive values, and specify how an organization conducts its activities and strategies [23]. In the nonprofit sector values such as altruism, humanity, equality, helpfulness, but also trustworthiness and honesty are prominent [23, 24], having distinct impacts of public’s trust. Both missions and values can vary considerably across organizations, with substantially different meanings and



Mechanism	Basis for public trust	Managerial action impairing public trust	Strategies to build, maintain, and restore public trust	
			Nonprofit branding	Voluntary nonprofit accountability
1. Promise of mission and values	Adherence to act according to organizational mission and values	<ul style="list-style-type: none"><li>• Violation</li><li>• Misrepresentation</li><li>• Lack of clarity</li></ul>	Ability to signal the organization's mission and core values	Ability to signal adherence to the organization's mission and core values
2. Organizational reputation	High organizational reputation (competence and likeability)	<ul style="list-style-type: none"><li>• Incompetence</li><li>• Non-likeability</li></ul>	Ability to enhance organizational reputation through shaping single brand images	Ability to contribute to the organizational reputation through joining high-reputational initiatives
3. Transparency and accountability	Compliance with transparency and accountability standards	<ul style="list-style-type: none"><li>• Lack of transparency</li><li>• Below legal requirements</li></ul>	Ability to signal integrity and accountability	Ability to strengthen compliance with transparency and accountability standards
4. Performance and social impact	Financial, stakeholder, market, and mission performance, mission impact	<ul style="list-style-type: none"><li>• Mal-performance</li><li>• No impact</li></ul>	Ability to signal quality regarding performance and impact	Ability to signal quality regarding performance and impact (e.g., performance and impact seals)
5. Use of contributions	Mission-based use, discretion, preservation	<ul style="list-style-type: none"><li>• Misuse</li><li>• Misrepresentation</li><li>• Negligence</li><li>• Imprudence</li></ul>	Ability to signal the adequate use of contributions	Ability to (externally) certify the adequate use of contributions

**Table 2.**  
*Five Mechanisms that are Associated with Public Trust in Nonprofit Organizations.*

relevance for the larger public as well as other stakeholders [14, 25]. For example, Oxfam states its organizational mission, as follows “We fight inequality to end poverty and injustice.”, and “commit[s] to living [their] values [in particular, equality, empowerment, solidarity, inclusiveness, accountability, courage] so that [they] can be known for [their] integrity. This means transforming [their] governance, management, and operational structures, and nurturing a culture of continuous learning and reflection” [26]. The principal basis for public trust relates to the organization’s adherence to act according to its organizational mission and values. If organizations, however, violate or misrepresent these, public trust is impaired [2]. Also, a lack of clarity in expressions of mission statements and values may impair public trust such that the public perceive nonprofit managers as insincere about their true goals, and therefore assess the organization’s trustworthiness as significantly lower [27].

3.2 Organizational reputation

The organizational reputation constitutes the second mechanism that is associated with public’s trust in nonprofit organizations. Organizational reputation, namely the collectively held mental image of the organization [28, 29], is considered a highly important intangible asset in nonprofit organizations [30]. It consists of

different mental images across various stakeholder groups that can vary highly depending on which assessments are gathered. In view of recent nonprofit scandals, the reputation of nonprofit organizations has been tremendously threatened because it is influenced through monitoring problems. According to Prakash and Gugerty [10], “[i]t is not an exaggeration to say that the negative reputational effects of a few ‘bad apples’ are beginning to undermine the reputation of the sector as a whole”, and the organizational reputation has distinct impacts on public trust [31]. In the nonprofit sector, reputation is conceptualized primarily with respect to the organization’s competences and its likeability that accordingly acts as a basis for public trust [29]. If an organization, in turn, cannot maintain its images as sufficiently competent and likeable across a variety of people, public trust is impaired.

### **3.3 Transparency and accountability**

Transparency and accountability represent the third mechanism that is related to public trust. Its importance is based on the fact that in the nonprofit domain organizations are – dependent on the home countries’ varying regulations – are more or less not obliged to comprehensively report financial and non-financial information publicly. However, we know about the importance of transparency and accountability standards in the sector that is vital to improve public trust [32–34]. That is, nonprofit stakeholders and the larger public face uncertainty because they cannot easily observe the organization’s project and operational expenses, and so its behavior and the quality of services [10]. It follows that high transparency and compliance with transparency and accountability standards build an essential basis for public trust [10, 34, 35]. This basis is threatened through organizations that lack transparency, or (at its worst) do not comply with legal accountability standards and requirements.

### **3.4 Performance and social impact**

The organization’s performance and social impact represent the fourth mechanism that improves public trust. Nonprofit organizations often provide services that are highly intangible and of which the quality is difficult to observe [16]. The organization’s performance in the form of financial, stakeholder, market, and mission performance is hence difficult to verify both for contributors and beneficiaries, and even more so, for the larger public [14]. Achieving and measuring actual impacts has been found to be increasingly important for organizations and their contributors; yet, social impact measurement is still in its infancy, and few organizations have capacities for accordant evaluations [36]. Despite agency problems regarding the organizations’ performances and social impacts, they form the basis to ultimately further the mission. It follows that organizational performance (and to a growing extent, also social impact) are particularly relevant for public’s trust. Impairments of public trust accordingly include organizational mal-performance [2], and no social impact.

### **3.5 Use of contributions**

The use of contributions is the fifth mechanism that is associated to public’s trust in nonprofit organizations. That is, the majority of nonprofit organizations rely on external funding (for example, from private and corporate donors, or public authorities and foundations) to finance the organization’s project and operating expenses, to ultimately ensure the organization’s continuation. The principal basis for improving public trust according to this mechanism is the mission-based use as

well as discretion in the handling of contributions, and its preservation. On the other hand, trust is impaired through managerial actions such as misuse, misrepresentation, negligence, and imprudence in the handling of donations and other contributions [2, 37]. In the past, the unreasonable use of contributions have been particular serious in some cases, and subsequently resulted in a nonprofit scandal that affected not only involved organizations, but questioned the legitimacy also of other organizations in the nonprofit sector. For example, in 2014, Greenpeace International's use of contributions created a scandal because an employee of the organization used large amounts of donated funds for foreign exchange trading [38]. In contrary, it is assumed that nonprofits clearly stating their use of contributions exhibit higher levels of trustworthiness. Some organizations recently started to develop new marketing and fundraising models around this topic. For example, the nonprofit organization *charity: water*, committed to bring clean and safe drinking water to people in developing countries, relies on private donors to fund all overhead costs, so 100% of public donations go directly to fund clean water projects [39].

#### 4. Operationalization of public trust

Pursuant to conceptualizations of the narrow relationship management perspective, scholars rarely distinguish between the larger public and other external stakeholder groups in their operationalizations of public trust. In their study on public's trust in nonprofit organizations, Sargeant and Lee [7] yet found empirical evidence indicating that donors place significantly more trust in charitable organizations than non-donors. Because only few operationalizations and measurement approaches explicitly focus on public trust, this chapter involves also those focusing on donor trust. **Table 3** shows the prevailing trust measurement scales in the nonprofit sector.

The existing operationalizations and measurement approaches relating to (public) trust in nonprofit organizations can be divided into two categories. The first category refers to second-order trust operationalizations, and few scholars operationalize trust in the nonprofit sector by means of second-order-constructs (e.g., [45, 46]). Corresponding operationalizations come from the narrow relationship management perspective such that they focus on trust emerging from stronger relationships between donors and nonprofit organizations. For example, Sargeant and Lee [45, 46] operationalize donor trust with respect to four components: 1) relationship investment, 2) mutual influence, 3) forbearance from opportunism, and 4) communication acceptance. The authors claim this operationalization of trust only to be relevant "in the context of a donor's relationship with a specific organization" ([45]: 618) as the dimensions are based on an existing donor-organization-relationship. The respective first-order dimensions show sufficient high values of Cronbach's alpha, and average variance extracted, exceeding the respective thresholds of .70, and of .50 respectively [40, 43]. It is important to note that the four dimensions do not include any of the two trust dimensions (trustworthiness of NPO and risk for donors), given that the authors rather identified "key behaviors indicative of the presence [of trust]" ([7]: 616).

The second category relates to scale measurement approaches of trust in the nonprofit sector that directly address the trust concept as outlined in this chapter. Most studies fall into this category, and either measure trust according to a narrow or a broad perspective (e.g., [8, 17, 41, 47]). That is, most measurement scales seek to measure donor trust, whereas one prevailing measurement scale is used both in the context of donor and public trust. All scales exhibit sufficient psychometric



First category: Second-order construct operationalizations			
Donor trust			
Sargeant & Lee [40, 41]		$\alpha$	AVE
First-order dimensions and measurement items (7-point scale; anchored at 1 = <i>strongly disagree</i> to 7 = <i>strongly agree</i> )			
1. Relationship investment	1. I read all the materials (this NPO) sends to me. 2. Supporting (this NPO) is very important to me. 3. I would not encourage others to support (this NPO).	.88	.65
2. Mutual influence	1. I share the views espoused by (this NPO). 2. (This NPO) does not reflect my views. 3. I feel I can influence policy in (this NPO). 4. I find myself influenced by (this NPO).	.82	.61
3. Forbearance from opportunism	1. I am very loyal to (this NPO). 2. (This NPO) is one of my favorite charities to support. 3. My giving to (this NPO) is not very important to me. 4. My giving to (this NPO) is high on my list of priorities.	.85	.63
4. Communication acceptance	1. I look forward to receiving communications from (this NPO). 2. I do not enjoy the content of communications from (this NPO). 3. Communications from (this NPO) are always informative.	.76	.56
Second category: Scale measurement approaches			
Donor trust			
MacMillan et al. [30] (7-point scale; anchored at 1 = <i>strongly agree</i> to 7 = <i>strongly disagree</i> )		.87	.53
1. The NPO are very unpredictable. I never know how they are going to act from one day to the next. 2. I can never be sure what the NPO are going to surprise us with next. 3. I am confident that the NPO will be thoroughly dependable, especially when it comes to things that are important to my organization. 4. In my opinion, the NPO will be reliable in the future. 5. The NPO would not let us down, even if they found themselves in an unforeseen situation (e.g., competition from other funders, changes in government policy).			
Naskrent & Siebelt [33] (5-point scale; anchored at 1 = <i>strongly disagree</i> to 7 = <i>strongly agree</i> )			
Ability	1. In my opinion, the NPO is competent. 2. I have the feeling that the NPO knows its business. 3. I believe that the NPO is able to achieve the goals, which it commits itself to. 4. I am convinced that the NPO is able to keep its promises. 5. In my opinion, the NPO has the skills and the qualification to act reliably.	.88	.68
Willingness	1. In my opinion, the NPO is trustworthy. 2. I think that the NPO is honest to its donors. 3. I can rely on the NPO. 4. I am convinced of the NPO's willingness to keep its promises. 5. The NPO acts altruistically.	.87	.65
Public and donor trust			
Sargeant, Ford & West, [42] (7-point scale; anchored at 1 = <i>strongly disagree</i> to 7 = <i>strongly agree</i> )		.94	n.r.
1. I would trust this NPO to always act in the best interest of the cause. 2. I would trust this NPO to conduct their operations ethically. 3. I would trust this NPO to use donated funds appropriately.			

First category: Second-order construct operationalizations		
4. I would trust this NPO not to exploit their donors. 5. I would trust this NPO to use fundraising techniques that are appropriate and sensitive.		
Sargeant & Lee [43] (7-point scale; anchored at 1 = <i>strongly disagree</i> to 7 = <i>strongly agree</i> )	.92	n.r.
1. To always act in the best interests of the cause. 2. To conduct their operations ethically. 3. To use donated funds appropriately. 4. Not to exploit their donors. 5. To use fundraising techniques that are appropriate and sensitive.		
Sargeant & Woodliffe [44]; Becker [4]; Becker, Boenigk and Willems [5] (7-point scale; anchored at 1 = <i>strongly disagree</i> to 7 = <i>strongly agree</i> )	.89 .94 .93	n.r. n.r. 0.82
1. I trust this NPO to always act in the best interests of the cause. 2. I trust this NPO to conduct its operations ethically. 3. I trust this NPO to use donated funds appropriately.		
Note. $\alpha$ = Cronbach's alpha; AVE = average variance extracted; n.r. = values not reported.		

**Table 3.**  
*Operationalizations and measurement approaches of public Trust in Nonprofit Organizations.*

properties. The measures explicitly focusing on donor trust emerge from the narrow perspective, such that they include the first dimension of trust, measuring the organization's trustworthiness; to a lesser extent, they also include the risk dimension [17, 47]. The measures to operationalize both donor and public trust have been used in two ways: They include either the measurement items (1)–(3) [41], or all items (1)–(5), which specify additional donor and fundraising aspects [7, 8]. The latter rather emerges from a narrow perspective, and more strongly focuses on trust in the context of donor and fundraising issues. As such, the measure also refers to the potential risk of donors [7, 8]. In contrast, Sargeant and Woodliffe's [41] scale includes the measurement items (1)–(3). The scale explicitly focuses on the first trust dimension, such that corresponding items target the nonprofit organization's trustworthiness, and relate to weaker relationships between organizations and the public. Against this background, and in accordance with the broader perspective, this chapter suggests that Sargeant and Woodliffe's scale is particularly suitable for operationalizing public trust. However, these items still do not address all mechanisms that are associated with public's trust, and the accordant measurement scale is therefore capable of improvement (see future research ideas).

### 5. Nonprofit management strategies to improve public trust

To build and maintain public's trust in nonprofit organizations, this chapter claims strategies from the field of nonprofit branding as well as nonprofit accountability to be of great significance. They are also suitable for restoring public trust, if managerial action has led to its impairment. Of particular importance are these strategies in the case of nonprofit scandals. On the one hand, they can help involved nonprofit organizations to recover from scandals. On the other hand, they have great ability to protect other nonprofit organizations from negative spillover effects in the sector. The underlying rationale of the functioning of these strategies is that external stakeholders face uncertainty regarding the organization's trustworthiness [10], and they "seek assurances beyond those provided by public regulations that organizations are behaving responsibly, following societal expectations and

norms of behavior” ([13]: 1). This is where strategies of nonprofit branding and nonprofit accountability provide assurance for the public, attesting the organization’s trustworthiness [44, 48].

The first strategy of improving public’s trust in nonprofit organizations refers to the field of nonprofit branding. Precisely, the nonprofit brand equals a “shortcut” that provides the general public with valuable information about the nonprofit organization ([49]: 22). In particular, the brand’s signaling function enables organizations to spread signals relating to the organization’s mission and core values [49, 50]. It thus has the ability to clearly inform the public’s assessments of the organization’s trustworthiness with respect to its mission and values as well as its performance. Moreover, branding strategies can effectively target the various mental images of nonprofit stakeholders, to successfully build up a high organizational reputation. A strong brand ultimately has the potential to act as an additional safeguard and reinforcement to the public along with the nondistribution constraint, which may represent a seal of trust [51]. For Sargeant [8], nonprofit brands “are in essence a promise to the public that an organization possesses certain features or will behave in certain ways”. In this line, Laidler-Kylander and Stenzel [49] “believe that the brand is the vehicle for building this trust”. A strong nonprofit brand can accordingly protect the respective organization against negative spillover effects caused by other nonprofit organizations, and they are less susceptible to risk [51]. In their prominent article “The Role of Brand in the Nonprofit Sector”, Kylander and Stone [52] share their results evaluating the brand of one of the biggest nonprofit organizations worldwide, the World Wildlife Fund (WWF), citing Marsh, COO of the WWF, as follows “Our brand is the single greatest asset that our network has, and it’s what keeps everyone together” ([52], p. 5).

The second strategy of improving public’s trust in nonprofit organizations arises from the field of nonprofit accountability. Nonprofit accountability and governance programs and initiatives aim to develop common standards across nonprofit organizations to support good governance in nonprofit sectors worldwide. In particular, voluntary nonprofit accountability in the form of various codes of conduct, self-regulation mechanisms, and certification and accreditation schemes has great potential to improve and restore public’s trust in nonprofit organizations [10, 32, 35, 48, 53]. Slatten et al. [48] argue that “the adoption of standards for ethical and accountable behavior may provide the solution [to the climate of shaken public trust in the non-profit sector]”. First empirical evidence shows that voluntary accountability, and externally certified accountability (including accreditation systems), can enhance public trust in nonprofit organizations [32, 53]. It follows that organizations increasingly devote efforts to demonstrating their trustworthiness with various seals and certifications [2, 34, 51]. Precisely, voluntary nonprofit accountability strategies address the trust-driving mechanisms by their ability to signal adherence to the organization’s mission and core values, and regarding the quality of organizational performance [32]. These strategies further contribute to the organizational reputation by joining high-reputational initiatives [13], and they particularly strengthen compliance with certain transparency and accountability standards, also through (external) certifications that attest the organization’s adequate use of contributions [37, 53].

## **6. Future research ideas**

This chapter also suggests directions for further research regarding public trust in nonprofit organizations. First, although a number of scholars agree that public’s trust in (charitable) nonprofit organizations is under increasing pressure (mainly

caused by public scandals and commercialization issues) [54, 55], other scholars find no empirical evidence for decreased public trust and confidence in the non-profit sector (e.g., [56]). When related to the important component of giving behavior, a recent meta-analysis by Chapman et al. [6] showed that even though trust is often assumed to affect giving, the body of evidence available for their analysis was rather small. Against this background, a first research idea relates to investigations of public trust among different nonprofit organizations based on, for example, the ICNPO categories, organizational mission categories, or other classifications. Precisely, public trust may be high relating to cultural organizations, but lower in the health sector, and thus vary among the different organizations. Evidence also confirms the link between people's trust and the organizations' mission category. Considering the organizational diversity in the nonprofit sector, scholars, such as Kearns [1] and O'Neill [56], propose a more differentiated perspective to distinguish between several nonprofit industries. Further research should take the organizational diversity in the nonprofit sector into account.

Second, few operationalizations and measurement approaches focus explicitly on the public's trust in nonprofit organizations. Given the high importance of the public's trust for nonprofits and corresponding ways to measure it, the second future research idea relates to scale development processes for public trust. These processes should accordingly be based on the broader trust perspective, such that they relate to weaker relationships between organizations and the general public. On the one hand, scholars could build on Sargeant and Woodliffe's [41] measurement scale, and include additional items that address the five trust driving mechanisms. On the other hand, scholars could operationalize public trust as a second-order construct. The five mechanisms accordingly provide the basis for first-order dimensions, and corresponding measurement items respectively.

Third, nonprofit branding and nonprofit accountability strategies are first attempts to improve and restore public's trust in nonprofit organizations. However, conceptual and empirical research on the link between public trust and accordant research fields and strategies still is limited. Yet, both nonprofit branding and nonprofit accountability have gained increasing importance over the past few years, and scholars have found them to be very promising, in particular in the context of trust research [8, 10, 32, 48, 49]. Another future research idea accordingly refers to this topic, to further investigate the link between these research fields and public's trust. Findings could be used to provide nonprofit managers with more specific recommendations to further improve public's trust in nonprofit organizations. This chapter thus points to the overall need to further the public trust discussion.



IntechOpen

IntechOpen

### **Author details**

Annika Becker

Lucerne University of Applied Sciences and Arts, School of Business, Institute of Management and Economics, Competence Center Public and Nonprofit Management, Lucerne, Switzerland

\*Address all correspondence to: [annika.becker@hslu.ch](mailto:annika.becker@hslu.ch)

### **IntechOpen**

---

© 2021 The Author(s). Licensee IntechOpen. This chapter is distributed under the terms of the Creative Commons Attribution License (<http://creativecommons.org/licenses/by/3.0>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited. 

## References

- [1] Kearns KP. 2014. Ethical challenges in nonprofit organizations: Maintaining public trust. In: Frederickson HG, Ghore RK, editors. *Ethics in Public Management*. London/New York: Routledge; 265-292
- [2] Bryce HJ. 2007. The public's trust in nonprofit organizations: The role of relationship marketing and management. *California Management Review* **49**(4): 112-131
- [3] Burt CD. 2014. *Managing the Public's Trust in Non-Profit Organizations*. New York, NY: Springer
- [4] Ortmann A, Schlesinger M. 2003. Trust, reputation, and the role of nonprofit enterprise. In: Anheier HK, Ben-Ner A, editors. *The Study of the Nonprofit Enterprise*. New York, NY: US Springer. pp. 77-114
- [5] Rose-Ackerman S. 1996. Altruism, nonprofits, and economic theory. *Journal of Economic Literature*. **34**(2): 701-728
- [6] Chapman CM, Hornsey MJ, Gillespie N. 2021. To what extent is trust a prerequisite for charitable giving? A systematic review and meta-analysis. *Nonprofit and Voluntary Sector Quarterly*. DOI:08997640211003250
- [7] Sargeant A, Lee S. 2002. Improving public trust in the voluntary sector: An empirical analysis. *International Journal of Nonprofit and Voluntary Sector Marketing*. **7**(1):68-83
- [8] Sargeant A. 2009. *Marketing Management for Nonprofit Organizations*. 3rd ed. Oxford University Press: Oxford
- [9] Hansmann H. 1980. The role of nonprofit enterprise. *The Yale Law Journal*. **89**(5):835-902
- [10] Prakash A, Gugerty MK. 2010. Trust but verify? Voluntary regulation programs in the nonprofit sector. *Regulation & Governance*. **4**(1):22-47
- [11] Brady MK, Bourdeau BL, Heskell J. 2005. The importance of brand cues in intangible service industries: An application to investment services. *Journal of Services Marketing*. **19**(6): 401-410
- [12] Venable BT, Rose GM, Bush VD, Gilbert FW. 2005. The role of brand personality in charitable giving: An assessment and validation. *Journal of the Academy of Marketing*. **33**(3): 295-312
- [13] Tremblay-Boire J, Prakash A, Gugerty MK. 2016. Regulation by reputation: Monitoring and sanctioning in nonprofit accountability clubs. *Public Administration Review*. **76**(5): 712-722
- [14] Willems J, Jegers M, Faulk L. 2016. Organizational effectiveness reputation in the nonprofit sector. *Public Performance and Management Review*. **39**(2):476-497
- [15] Becker A, Boenigk S, Willems J. 2020. In nonprofits we trust? A large-scale study on the public's trust in nonprofit organizations. *Journal of Nonprofit & Public Sector Marketing*. **32**(2):189-216
- [16] Bourassa MA, Stang AC. 2016. Knowledge is power: Why public knowledge matters to charities. *International Journal of Nonprofit and Voluntary Sector Marketing*. **21**(1): 13-30
- [17] Naskrent J, Siebelt P. 2011. The influence of commitment, trust, satisfaction, and involvement on donor retention. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*. **22**(4):757-778

- [18] Edmondson AC. 2004. Psychological safety, trust and learning: A group-level lens. In: Kramer R, Cook K, editors. *Trust and Distrust in Organizations: Dilemmas and Approaches*. New York: Russell Sage; pp. 239-272
- [19] Morgan RM, Hunt SD. 1994. The commitment-trust theory of relationship marketing. *Journal of Marketing*. **58**(3):20-38
- [20] Feldheim MA, Wang X. 2004. Ethics and public trust: Results from a national survey. *Public Integrity*. **6**(1): 63-75
- [21] McDonald RE. 2007. An investigation of innovation in nonprofit organizations: The role of organizational mission. *Nonprofit and Voluntary Sector Quarterly*. **36**(2):256-281
- [22] Wiepking P, Bekkers R. 2012. Who gives? A literature review of predictors of charitable giving. Part Two: Gender, family composition and income. *Voluntary Sector Review*. **3**(2):217-245
- [23] Helmig B, Hinz V, Ingerfurth S. 2015. Valuing organizational values: Assessing the uniqueness of nonprofit values. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*. **26**(6):2554-2580
- [24] Aaker J, Vohs KD, Mogilner C. 2010. Nonprofits are seen as warm and for-profits as competent: Firm stereotypes matter. *Journal of Consumer Research*. **37**(2):224-237
- [25] Frumkin P. 2009. *On Being Nonprofit: A Conceptual and Policy Primer*. Cambridge, MA: Harvard University Press
- [26] Oxfam. 2021 (ed.). *What we believe*. Retrieved from: <https://www.oxfam.org/en/what-we-do/about/what-we-believe>.
- [27] Rainey HG, Steinbauer P. 1999. Galloping elephants: Developing elements of a theory of effective government organizations. *Journal of Public Administration Research and Theory*. **9**(1):1-32
- [28] Lange D, Lee PM, Dai Y. 2011. Organizational reputation: A review. *Journal of Management*. **37**(1):153-184
- [29] Sarstedt M, Schloderer MP. 2010. Developing a measurement approach for reputation of non-profit organizations. *International Journal of Nonprofit and Voluntary Sector Marketing*. **15**(3):276-299
- [30] Shahid S, Becker A, Kundi YM. 2021. Do reputational signals matter for nonprofit organizations? *Management Decision: An experimental study*; DOI: 10.1108/MD-12-2020-1670
- [31] Ali R, Jin Z, Wu K, Melewar TC. 2016. How does reputation win trust? A customer-based mediation analysis. *International Studies of Management and Organization* **47**(3): 220-239
- [32] Becker A. 2018. An experimental study of voluntary nonprofit accountability and effects on public trust, reputation, perceived quality, and donation behavior. *Nonprofit and Voluntary Sector Quarterly*. **47**(3): 562-582
- [33] Greiling D. 2007. Trust and performance management in non-profit organizations. *The Innovation Journal: Public Sector Innovation Journal*. **12**(3): 9-32
- [34] Schnackenberg AK, Tomlinson EC. 2014. Organizational transparency: A new perspective on managing trust in organization-stakeholder relationships. *Journal of Management*. **42**(7):1784-1810
- [35] Gugerty MK. 2009. Signaling virtue: Voluntary accountability programs among nonprofit organizations. *Policy Sciences*. **42**(3):243-273

- [36] Arvidson M, Lyon F. 2014. Social impact measurement and non-profit organisations: Compliance, resistance, and promotion. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*. 25(4):869-886
- [37] Bekkers R. 2003. Trust, accreditation, and philanthropy in the Netherlands. *Nonprofit and Voluntary Sector Quarterly*. 32(4):596-615
- [38] Schiessl M. 2014. Financial scandal: Organizational change has led to chaos in Greenpeace. <http://www.spiegel.de/international/business/greenpeace-financial-scandal-how-the-organization-lost-millions-a-976868.html> [24 May 2016].
- [39] charity: water. 2021 (ed.). *The 100% Model*. Retrieved from <https://www.charitywater.org/our-approach/100-percent-model>.
- [40] Nunnally JC, Bernstein IH. 1994. *Psychometric Theory*. 3rd ed. McGrawHill: New York, NY
- [41] Sargeant A, Woodliffe L. 2007. Building donor loyalty: The antecedents and role of commitment in the context of charity giving. *Journal of Nonprofit & Public Sector Marketing*. 18(2):47-68
- [42] Sargeant A, Ford JB, West DC. 2006. Perceptual determinants of nonprofit giving behavior. *Journal of Business Research* 59(2): 155-165
- [43] Fornell C, Larcker DF. 1981. Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*. 18(1):39-50
- [44] Bies A. 2010. Evolution of nonprofit self-regulation in Europe. *Nonprofit and Voluntary Sector Quarterly*. 39(6): 1057-1086
- [45] Sargeant A, Lee S. 2004. Trust and relationship commitment in the United Kingdom voluntary sector: Determinants of donor behavior. *Psychology & Marketing*. 21(8):613-635
- [46] Sargeant A, Lee S. 2004b. Donor trust and relationship commitment in the U.K. charity sector: The impact on behavior. *Nonprofit and Voluntary Sector Quarterly*. 33(2):185-202
- [47] MacMillan K, Money K, Money A, Downing S. 2005. Relationship marketing in the not-for-profit sector: an extension and application of the commitment-trust theory. *Journal of Business Research*. 58(6): 806-818
- [48] Slatten LAD, Guidry BN, Austin W. 2011. Accreditation and certification in the non-profit sector: Organizational and economic implications. *Organization Management Journal*. 8(2):112-127
- [49] Laidler-Kylander N, Stenzel JS. 2013. *The Brand IDEA: Managing Nonprofit Brands with Integrity, Democracy, and Affinity*. San Francisco: John Wiley
- [50] Sargeant A, Ford JB, Hudson J. 2008. Charity brand personality: The relationship with giving behavior. *Nonprofit and Voluntary Sector Quarterly*. 37(3):468-491
- [51] Boenigk S, Becker A. 2016. Toward the importance of nonprofit brand equity: Results from a study of German nonprofit organizations. *Nonprofit Management and Leadership*. 27(2): 181-198
- [52] Kylander N, Stone C. 2012. The role of brand in the nonprofit sector. *Stanford Social Innovation Review* 10 (2): 35-41
- [53] Chun Feng N, Gordon Neely D, Slatten LA. 2015. Accountability standards for nonprofit organizations: Do organizations benefit from



certification programs? *International Journal of Public Administration*; **39**(6): 470-479

[54] Herzlinger RE. 1996. Can public trust in nonprofits and governments be restored? *Harvard Business Review*. **74**(2):97-107

[55] Light PC. 2008. *How Americans View Charities: A Report on Charitable Confidence*. Washington, DC: Brookings Institution

[56] O'Neill M. 2009. Public confidence in charitable nonprofits. *Nonprofit and Voluntary Sector Quarterly*. **38**(2): 237-269