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PUBLIC TRUST IN CHARITIES
EVIDENCES FROM FINLAND AND SWEDEN

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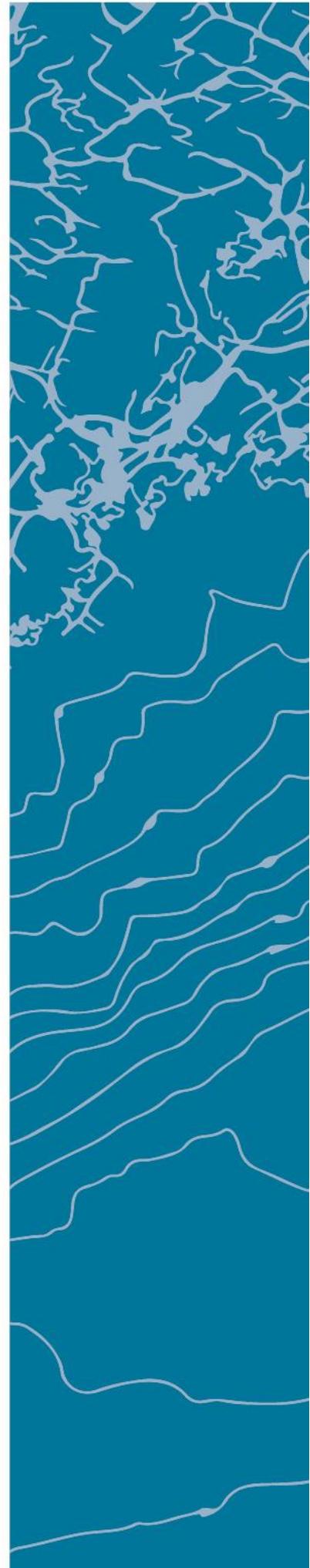
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ABSTRACT

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Public sector across the globe is currently experiencing a decline in public trust and this issue has been widely discussed across the globe. While working as a fundraiser in summer 2018, the author discovered that charities are struggling to recruit and keep their regular donors. Donations from general people are one of the main sources of charity funding. Individuals who donate to charities do not receive a direct benefit in exchange for their support to charities. Moreover, they don't have all the necessary information, on which they can decide to donate. Trust is what facilitates the transactions between charities and donors in such a situation. Some studies, for instance by the European Fundraising Association shows that the number of donors in Finland and Sweden has declined. But research on public trust in Finland and Sweden is scarce. There is a gap in comprehensive studies of public trust in charities in Finland and Sweden. The key research aim of this thesis is to examine the level of public trust in Charities in Finland and Sweden. This thesis aims to answer the question "how is the situation of public trust in the charity sector in Finland and Sweden?"

To answer the research questions two separate surveys were conducted to observe situation of public trust in Finnish and Swedish charity sectors. Another two separate surveys were conducted to observe the level of public trust in Greenpeace Finland (experiencing a decline in donor numbers) and Finnish Red Cross (experiencing growth in donor numbers) and its effects. Interviews were conducted with fundraising manager of Finnish Red Cross and Greenpeace Finland, and annual reports of these organizations were also analyzed in this thesis. Quantitative descriptive analysis of survey data and content analysis of qualitative interview data were done.

Three main points can be highlighted in this thesis. First, public trust in charity sector in Finland Sweden is in satisfactory level, which also means that there is room for improvements. Second, public trust is important for donors while making donation decisions and administrative efficiency, transparency and accountability are main determinants of their trust towards a charity organization. And the third, public trust is not the sole reason that determines the growth in donation collection in the charity organizations.

Key words: Trust, Public Trust, Charity Organizations

The originality of this thesis has been checked using the Turnitin Originality Check service.

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1. Introduction

Due to the resource constraints and crises, the government institutions have been withdrawing some of their previously provided public services (Hyndman, 2017). On the other hand, private institutions focus on their market and profitability rather than social welfare (Khandaker, 2016). Charities, NGOs, voluntary associations are organizations that aim to fill this gap and provide services that are vital for people, animals and nature. Charities have been viewed as strategic vital players which can act as a "middle man" between the private and public sector because they operate generally in a small scale, have a bond with citizens, are flexible, have power to encourage private sector to support public initiatives, and can build social capital (Yang et al., 2014).

Charities¹ are mostly funded by organizations and individuals who don't receive direct gains in exchange for their support (Hyndman, 2017b). Moreover, donors don't have the possibility to measure the effectiveness of the service provided as a value of their donation, and they must rely on charity organizations they choose to support, to deliver explicitly or implicitly promised benefits to the society (Sargeant & Lee, 2004b). On the other hand, there are many organizations asking for donations from the public and there are many deserving causes to support. But people don't readily have information of organizations, on which they can make donation decisions. Trust facilitates in such situation. "Trust is more essential for ensuring cooperation between strangers, or people who encounter with each other infrequently, than for supporting cooperation of people who interact frequently and repeatedly" (Porta et al., 1996).

A higher level of trust in the charity organizations has an impact on donor's willingness to become a donor and donate higher amount (Bekkers, 2003; Burnnet, 2002; Hou et. al., 2017; Sangeant & Lee 2002, 2014). Therefore, charities need to maintain public trust to operate and grow. Substantial evidences of researches show that trust in both public and private institutions are steadily declining internationally (Nye et. al., 1997). Finland, Sweden and other countries in Western democratic world seem to be increasingly distrusting politicians, political parties, parliament and other democratic institutions (Bäck & Kestilä, 2009). Edelman trust barometer shows that the charity sector is facing a

"s

¹ Charity, in this thesis refers to charity organizations, NGOs and voluntary associations.

decline in the level of public trust all around the world (Edelman, 2018). Researchers such as (Sargeant & Lee, 2004a, 2004b, 2006); (Gaskin, 1999); Keating & Thrandardottir, 2017); (Weng, et al., 2015) claim that public trust plays a crucial role to keep the charity healthy and growing. High Public trust in charities helps charities in obtaining sustainable donation inflow (Weng, et al, 2015) and reduces operation costs that are associated with activities such as bargaining and monitoring (Sargeant & Lee, 2004a). Therefore study of trust in charities is currently an interesting and important topic to study.

Although public trust is an interesting and vital issue, only few studies on public trust issue in Finnish and Swedish charities can be found. Therefore study of public trust in Finnish and Swedish charities also holds an academic importance. This thesis studies public trust in charities in Finland and Sweden. Although the empirical study of this thesis does not cover the entirety of studied countries and the sample population is quite small, this thesis aims to bring forward a picture of public trust in Finland and Sweden.

In this chapter, the background of the study, aims of the research, and the organization of this thesis will be presented. Charity sector in Finland and Sweden is also succinctly introduced in this chapter.

1.1 Organization of the study

The first chapter of the thesis presents the background of the study, research aim, and a brief introduction of charity sector of Finland and Sweden. The second chapter presents the literature review. Literature on public trust has been reviewed with an emphasis on the issue of public trust particularly in Finland and Sweden. The third chapter presents the theoretical framework of this study which includes trust definitions, theories of trust, public trust, trust in general organizations and trust in charities. The importance of public trust in charities, trust foundations, charities' economy and its association with trust, trust measurement and issue of trust maintaining and retaining are also presented in the third chapter.

Research methodology which includes research questions and assumptions, research design and limitation of the study is presented in the fourth chapter. The fourth chapter also sheds light on the data collection and analysis methods. The fifth chapter presents findings of the study, also presents if the assumptions that are made, are supported by the research results or not. Last but not the least, the sixth

chapter presents conclusions and recommendations for stakeholders of charity sector regarding handling trust related issues.

1.2 Background

Public sector across the globe is currently experiencing decline in public trust, this issue has been widely discussed across the globe. A new report from PR conglomerate Edelman "The 2018 Edelman Trust barometer" found decline in public trust globally. According to the trust barometer, public institutions in USA faced the decline in public trust by 37 percent. Public trust in Italy, Brazil, South Africa, and India also declined by 21%, 17%, 17%, and 13% respectively (Edelman, 2018). The report doesn't present the public trust situation of Finland. Public trust in institutions in Sweden has increased comparing to 2017 but still listed among countries experiencing public distrust. Other European countries such as the UK, Spain, Germany, France are also listed as countries lacking public trust towards institutions. The OECD's *How's Life?* Report found that only 38% of people in OECD countries trust their governments. (OECD, 2017)

The crisis of public trust has also been discussed widely, also across the media; *Why is trust falling* (World economic forum, 2015), *No rise in trust in Charities* (European Fundraising association, 2018), *Trust is collapsing in America* (The Atlantic, 2018), *The crisis of Trust* (The Economist, 2018), *No doubt-we are in a trust crisis* (Forbes, 2018). The crisis of trust in governments, Charities, and public institutions has been a hot topic. A report by European Fundraising Association (2017) shows a decline in donors' number in both Finland and Sweden. However the report doesn't discuss whether the causes of the decline is public trust of something else. Although public trust issue in charities is a burning issue in other parts of the world, which has also been studied by organizations and academics, there is a lack of comprehensive study of public trust in charities in Finland and Sweden. Therefore, public trust in Charities in Finland and Sweden would be an interesting topic to study from both academic and charity sector's perspective.

The author's interest in this topic is based on his personal experience gained from fundraising work. The author observed that charity organizations are struggling to maintain their regular donor numbers and one of the main reason for public hesitation to make donations to Charities is their distrust towards

them. One of the major sources of fund to run these charity works is the donation made by generous citizens (Mittilä, 2003). One of the pertinent issues Charities face today is that of public distrust (declining public trust) and regaining and maintaining public trust is important for them and their stakeholders.

Severe disasters caused by climate change, imbalance in environment and ecology, wars, poverty etc. are occurring more frequently and the role of charities has become more significant because magnitude and frequency of catastrophes overwhelm governments' competences on the one hand, and charities holds a unique capacity to function in the area where public and private institutions lacks (Osa, 2013). To be able to respond to these catastrophes charities needs funds which largely comes from people's donations, without donors' support charities struggle to function (Burt, 2014). But if the public lacks trust in charities they won't donate because public's willingness to make donations is affected by their trust in charities (Weng, et al, 2015; Sargeant & Lee, 2004b). This demonstrates that public trust has a great importance; starting from thriving of charities to protecting human life and environment that are suffering from disaster.

1.3 Research Aim, Research Questions and Assumptions

The key research aim of this thesis is to examine the level of public trust in Charities in Finland and Sweden. The main research question for this thesis is "**How is the situation of public trust in charity sector in Finland and Sweden?**" In addition to the research question, this thesis discusses the public trust based on the following three assumptions derived from literature review and theories discussed in chapter 2 and 3 respectively.

Assumptions;

- The level of public trust in Charities in Finland and Sweden is low.
- Administrative efficiency, accountability, and transparency are the main determinants of public trust in charities.
- Public trust affects donation collection but not have a major effect in the donors' donation decision.

By answering research questions and discussing the assumptions, this research aims to shed light into the following issues as well.

- Do changes in level of public trust affect donation collection in charities?
- What are the foundations and determinants of public trust in charity organizations?
- How can charities maintain and retain the public trust?

In order to answer these research questions the study examines public trust from both country and organizational level. A comparative analysis of data from two Nordic countries (Finland and Sweden) will be done with the aim to examine if there are any similarities/difference in public trust issue between two countries with same cultural and geographical settings. In order to study public trust and its dimension in organizational context, two organizations; Finnish Red Cross Society and Greenpeace will be studied, with the aim of finding whether public trust influences donation collection in charities or not. This study aims to fulfill the research gap in trust issue in Charities in Finland and Sweden. The research also aims to come up with numbers of recommendations which would help Charities to maintain/retain public trust.

1.4 Charities in Finland

Like in many other countries, Finland is facing decline in the donor population. European Fundraising association conducts survey from its 15 members states every year and publishes overview of charity fundraising environment. According to the data by European Fundraising Association (2017), donor population of Finland is about 37% in 2016 which is 13% less than the previous year. European Fundraising Association (2017) shows growth in amount of donation collected in Finland. Association of Finnish charity organizations of Finland (VALA) has reported European Fundraising Association that public trust and confidence in charities has remained static in past 5 years.

A report by *Vastuullinen Lahjoittaminen RY (VALA)* (an association of Finnish charity organizations whose mission is to define and promote the principles of good governance and good fundraising in Finnish society) shows that about 160 million Euros donation is raised every year from the market in Finland (VALA, 2018). There is a total of 100,000 registered associations, 2000 foundations and about 600 non-profits have fundraising license, a total of 521.7 million Euros was collected by charities for

Finnish market last year, 80% of which was collected by top 20 charities (VALA, 2018). A total of 55 organizations have taken membership of VALA which represents 270,000 individual members, 22000 trustee, about one million donors/supporters and 3500 employees (VALA, 2018). The National Police Board issues fundraising permits and collects information related to fundraising in Finland (ERNOP, 2017).

There are both religious and non-religious Charities operating in Finland. There are 105,849 registered associations, and 475 religious' communities in Finland (PRH, 2018). Police issue fundraising permission in Finland. For fundraising tasks, some of these Charities hires fundraisers and pay salary to some of them. Some charities outsource their fundraising activities, and some get help from volunteers for fundraising.

Finnish Red Cross, Plan Finland, UNICEF, Finnish church aid, WWF, Amnesty international are some of the well-known Charities operating in Finland. The most important income sources for Finnish charities are; membership fees, single donations, events and sales, public funding and corporate partnerships (VALA, 2018). These organizations support initiatives relating to disabilities, human rights, environmental issues and provide humanitarian assistance both inside and outside the country. Their main focus area outside country is war-zone and poor countries (Williams et al., 2008). Charities in Finland use various methods to collect donations. Public collections (Cash and direct debit), direct mail, corporate fundraising, membership income, and legacy giving (gifts made in a will) are among top 5 fundraising methods in Finland (VALA, 2018).

Public giving in Finland

Charitie Aid Foundation (CAF) conducts survey every year in about 146 countries world-wide to observe citizens' giving behavior and publish report named "World Giving Index". The report presents peoples' giving behavior from 3 different aspects; helped a stranger in need, donated money to charity, volunteered time to an organization. Some of the data concerning Finnish public giving is presented below in Figure 1.

	Giving index (%)	Offered Help (%)	Donated (%)	Volunteered (%)
2013	40	55	39	27
2015	43	60	39	30
2017	40	55	37	28
2018	40	53	39	26

Table 1. Giving index, Finland. Retrieved from: (CAF, 2018, 2017, 2015, 2013)

Hyväntekeväisyys and MTV in Finland have conducted separate studies on what causes people's preference in giving. Most preferred causes found by the study done by Hyväntekeväisyys were health, children in Finland, young people, and the elderly. Similarly, the study found that people prefer causes related to children, young people, health, social exclusion, poverty, and veterans. MTV survey also showed that 53% of respondents preferred to donate for domestic cause. 27% of the respondents did not care if the cause if domestic or foreign, 16% did not want to give at all, and only 3% preferred to donate to foreign cause. Veterans, children, and international emergency relief were most common causes that respondents had given to (ERNOP, 2017).

This overview of Finnish charity sector demonstrates the lack of proper study of charity sector especially study regarding public trust issue. European Fundraising Association (2017) shows a vast decline in donor number, whereas Charitie Aid Foundation (CAF) shows a fluctuation in charitable giving. Other than European fundraising association referring Finnish charity association (VALA) to say, 'public trust in charities in Finland has remained static in past five years', no discussion whatsoever was found relating to study of public trust. However, Finnish charity sector covers a wide range of charities activities both inside and outside Finland, collecting a good amount of donations applying various techniques and majority of the Finnish population has been offering some kind of help to other people.

1.5 Charities in Sweden

Like in Finland, Swedish charity sector is also experiencing decline in some of its dimension. A report by European Fundraising Association (2017) shows that the donor population of Sweden was 55% in 2016 which was 6% less than the previous year. The report also presented the amount of total charitable donation. In Sweden, 8.7 billion Kroners of charitable donation was collected in 2017 (European Fundraising Association, 2018). Although the donor population was decreased in Sweden the donation amount was increased by 2.2% (Swedish Fundraising Control, 2018). European Fundraising association (2017) also shows growth in amount of donation collected in Sweden although the number of donors has declined. A study carried out by FRII and PWC shows 21% of respondents in 2016 and 29% in 2018 responded that they trust Non-profit organizations the most, when it comes to social responsibility (Civilsamhället, 2018).

Svensk Insamlings Kontroll (Swedish Fundraising Control) also known as '90 konto' issues fundraising permits and controls the fundraising activities in Sweden. 90 Konto has 433-member organizations and they report their annual performance to 90 Konto annually. According to a report published by 90 Konto, which was based on the annual reports of member organizations, 21.5 billion Kroners of revenue was collected in Sweden in 2017, which was 8% more than in previous year. Donation amount from public has been increasing in Sweden. Public donated 7128, 7286 and 7772 million Kroners in 2015, 2016 and 2017 respectively (Control, 2017). The Swedish fundraising council (FRII) is an umbrella organization of fundraising Charities. FRII has more than 150 members Charities (FRII, 2018).

Likewise in Finland, some of the Swedish charities hires fundraisers and pay them salary, some outsource their fundraising activities, and some receive help form volunteers. Rädde Barnen, Svenska Kyrkan, UNICEF, Plan Sverige, Swedish Red Cross, Cancer foundation, and Greenpeace are some of the well-known charity organizations operating in Sweden. Like in Finland and other European countries public collections (Cash and direct debit), direct mail, corporate fundraising, membership income, and legacy giving (gifts made in a will) are among top 5 fundraising methods in Finland (European Fundraising Association, 2017). In average charities in Sweden spent 11.1% of their total revenue in fundraising and management activities (Civilsamhället, 2018).

Public Giving in Sweden

According to the World Giving Index 2018, 57% people said they have donated to at least one cause. This figure was increased by 2% from 2017 and decreased by 3% from 2015. Some of the data concerning Swedish public giving is presented below in Figure 2.

	Giving index (%)	Offered Help (%)	Donated (%)	Volunteered (%)
2013	39	51	53	13
2015	44	55	60	17
2017	41	53	55	14
2018	41	52	57	13

Table 2. Giving index, Sweden. Retrieved from: (CAF, 2018, 2017, 2015, 2013)

Ersta Sköndal University college conducted a study in 2014 about different sectors Swedish donors donating to. The study found 56% of the donors donating to international aid programs. Similarly, 45% were donating to health relating charities, whereas 29% found to be donating to public and social benefits (ERNOP, 2017).

The overview of Swedish charity sector also shows the lack of proper study of charity sector especially study regarding public trust issue. European Fundraising Association (2017) shows a decline in donor number, whereas Charitie Aid Foundation (CAF) shows a fluctuation in charitable giving. A study by FRII and PWC shows that almost one-third of the surveyed population trust non-profit organizations the most, when it comes to social responsibility. Other than that no study was found studying public trust issue in charities. Like in Finnish charity sector, Swedish charity sector covers a wide range of charities activities both inside and outside Sweden, collecting a good amount of donations applying various techniques and majority of the Finnish population has been offering some kind of help to other people.

2. Literature review

This section is divided into two sections; research in public trust, and public trust studies in Finland and Sweden. 'Research in public trust' reviews public trust literatures from countries other than Finland and

Sweden. The next section, 'Public trust studies in Finland and Sweden' focus only on available public trust literature that have studied public trust in institutions in Finland and Sweden.

2.1 Researches in public trust

Researches exclusively focused on public trust in charity organizations can be barely found especially in Finland and Sweden. The emphasis of most of the available researches is trust in public institutions, i.e. Government, parliament. Some studies carried out by regulatory bodies or association of charity organizations –for instance by Charity Commission (UK), Charity Services (New Zealand), and ACNC (Australia) have studied public trust in charity sector. All of these studies have examined the trust by conducting surveys whereas few has applied qualitative focused-group discussion as well. All of these studies show a decline in trust in charity sector. Public trust exclusively focusing on charity organizations in Finland and Sweden weren't found upon search. Few public trust studies carried out in Finland and Sweden have studied public trust of different sectors (Police, Court, politicians etc.) and charity sector is one of those studied sectors. Some studies are carried out in EU and OECD level which shows the level of trust in public institutions in Finland and Sweden are higher than EU/OECD levels.

Trust scholars has been observing the decline in trust already from the 1980s (Moon, 2003). Foster & Frieden (2017) found a sharp decline in the level of trust towards EU; from 60% in 2004 to 36% in 2015. Their study however has shown that more than half of Finns and Swedes trust their national governments. Foster & Frieden (2017) highlighted 3 major finding from their study of trust in Europe. First finding is that the economic crisis in Europe has had massive negative impact upon citizens confidence in government. Second, Dramatic rise in unemployment and an individual's sense of national or ideological identity best explains the drastic decline in many countries. The third finding was that across the EU, in general, citizens with lower level of skills and education and unemployed ones, hold strongly negative views about their government.

A research conducted by charity commission for England and Wales carried out a study which showed public trust declined from 6.3/10 in 2005 to 5.5/10 in 2018 (Charity Commission, 2018). O’Berg & Månsson (2011) analyzed the public trust in Charities in the USA, Australia, China, Germany, Russia, UK, and the Mexico. Study found that public trust towards charities in these countries are low. Another study carried out in New Zealand finds public trust declining in New Zealand. This study shows that

the public trust level was 6.5/10 in 2008, which has declined to 6.4/10, 5.8/10, 6.0/10 and 5.9/10 in 2010, 2012, 2014 and 2016 respectively (Charities services, 2016).

Australian Charities and Not-for profits Commission (ACNC) has also studied level of public trust in charities in 2013, 2015 and 2017. The level of trust towards charities in these years were 37%, 30% and 24%, respectively, and the trust was decreased by 13% by 2017 in Australia (Rutley & Stephens, 2017). Studies have shown that trust towards government in Finland and Sweden is better than the OECD level. According to the report by OECD (2017), confidence in National government in OECD countries in average is just 42%, where confidence of Finnish and Swedish citizens towards their governments remained higher than the OECD level, but still less than 50%.

Data from aforementioned studies clearly shows that there has been a decline in the level of trust in both governmental and non-governmental organizations. Following the global trends it can be presumed that the level of public trust in charities in Finland and Sweden is low.

2.2 Public Trust studies in Finland and Sweden

Studies on giving is comparatively underdeveloped in Finland and Sweden (Hoolwerf & Schuyt, 2017). Comprehensive studies on public trust towards charities, NGOs or voluntary sectors of both countries are barely found upon search. However, some researches on public trust towards public institutions have been carried out but very few of those have observed the public trust towards non-profit sector. Review of some literatures discussing public trust in society and various public institutions are presented below.

Research on public trust in Sweden is scarce. FRII and PWC together studied public trust in both public and private sectors in Sweden. The comparative study of 2016 and 2018 shows, 21% of respondents in 2016 and 29% in 2018 responded that they trust Non-profit organizations the most, when it comes to social responsibility. The study also shows growing positive attitude from public towards non-profit organizations. Concerning general attitude towards Charities, study found 28%, 32%, and 37% respondents had very positive attitude towards Charities in years 2016, 2017, and 2018 respectively. Generally, highly trained and skilled people were found to have higher level of trust towards public

institutions, and the report has also noted that social trust in Sweden has remained high for decades and civil society organizations has played vital role in creating trust (Civilsamhället, 2018).

Another study by Ahnquist et al, (2008) studied institutional trust and its association with alcohol consumption in Sweden. Although Sweden is a welfare nation and Swedish institutions has been able to receive high level of citizens' trust from long period of time, trust towards politicians and public institutions has been declining during the past decade (Ahnquist et al, 2008). The study has tried to investigate how declining trust in society contributes to irresponsible actions. The study found that there is an association between lack of trust and high alcohol consumption.

Although studies on public trust in charities in Finland is scarce (Hoolwerf & Schuyt, 2017), there are some studies focusing on public trust in public institutions ((Salminen & Ikola-Norrbacka, 2010); (Ilmonen, 2000); (Bäck & Kestilä, 2009). Salminen & Ikola-Norrbacka (2010) studied trust, good governance and unethical actions in Finnish public administration based on empirical data from National Citizen Survey 2008. The study found that trust is connected to general confidence in politicians and public authorities, if citizens feel organizations and institutions are lacking reliability, general trust will gradually decrease, and the study concluded that public organizations and societal institutions are most trusted where promised made by politicians are least trusted in Finland (Salminen & Ikola-Norrbacka, 2010).

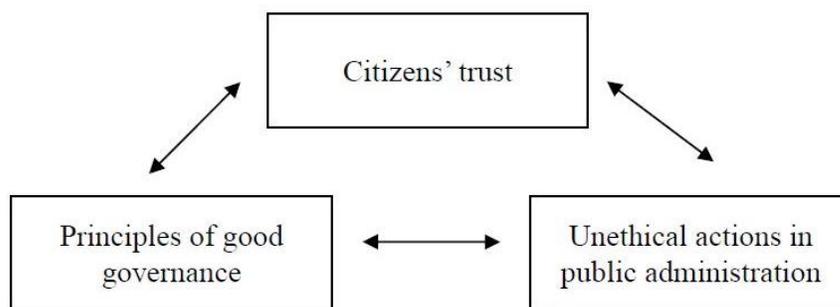


Figure 1. Trust, Good Governance and Ethical Actions. (Salminen & Ikola-Norrbacka, 2010)

Salminen & Ikola-Norrbacka (2010) has observed the relationship between public trust and satisfaction towards the quality of public service; lack of public trust doesn't necessarily lead to frustration towards service quality provided by public institutions but, satisfaction from public service helps improving public trust. The study has also shown a close link between principles of good governance, unethical actions in public administration and public trust as shown in Figure 1. " Trust is a question of citizens'

emotions, beliefs, opinion and experiences, shaped through many process. If corruption and unethical actions occur often, it will increase distrust in organizations and institutions" (Salminen & Ikola-Norrbacka, 2010).

Ilmonen (2000) conducted a survey to study citizen's general trust in six Finnish municipalities. Majority of the respondents answered that people in general do not trust each other as much as they used to do before. This study found an interesting aspect of trust where it seems to clearly bound with the class phenomena; working class people were found to be most distrustful (Ilmonen, 2000) The study found people trust their family members the most. Friends, supervisors and work colleagues were also well trusted group of people. Whereas least trusted group of people were socially and culturally unfamiliar immigrants. Ilmonen (2000) concluded in his study that general individual level of trust in Finland is high and the most vital component of trust is social and cultural closeness.

Like Ilmonen (2000), Bäck & Kestilä (2009) also studied public trust from individual and social point of view. This study conducted an individual-level assessment of social capital and political trust in Finland. They explored empirical association between social capital and political trust in Finland. They argue that citizens' trust towards government institutions are based on their experiences, i.e. on how efficiently do they function? (Bäck & Kestilä, 2009). They have also discussed the trust from behavioral aspects. Those people who don't usually trust others are pessimistic and cynical about intentions of politics, public officials and other people (Bäck & Kestilä, 2009).

Ikola-norrbacka & Salminen had also studied public trust and integrity violence in Finland in 2008. This research defined trust citizens' beliefs, opinions and emotions that is basically formed by experiences through many processes and concluded that public institutions and organizations in Finland are experiencing confidence from ordinary citizens (Ikola-norrbacka & Salminen, 2008). They also argue that general trust is affected if there is a reliability shortage in public institutions and organizations. Public trust is a general faith towards public authorities and politicians, which implies both increasing trustworthiness and decreasing distrust (Ikola-norrbacka & Salminen, 2008). Where most of the literatures are emphasizing on negative effect of public distrust, Ikola-norrbacka & Salminen (2008) argue that not all distrust is harmful. "A certain amount of distrust is healthy and functional: it is needed to maintain the level of administrative accountability. The optimal level of trust depends on the development of political and administrative culture" (Ikola-norrbacka & Salminen, 2008 p.79).

Fostar & Frieden (2017)	Crisis of trust: Socio-economic determinants of Europeans' confidence in government.	Trust in governments in European countries	sharp decline in the level of trust towards EU; from 60% in 2004 to 36% in 2015
Kääriäinen (2008)	Why do Finns Trust the police?	Social capital, Trust in institutions, Trust in police	People in Finland has high level of trust towards police.
Salminen & Ikola-Norrbacka (2010)	Trust, good governance and unethical actions in Finnish public administration.	Trust, Governance, Public administration	Societal institutions are most trusted ones where politicians are least trusted.
OECD (2017)	Government at glance.	Confidence in governments in OECD	Trust towards government in Finland & Sweden is better than the OECD level; little less than 50%
Charity Commission, 2018	Charity commission annual reports and accounts.	Trust in charities	Public trust declined from 6.3/10 in 2005 to 5.5/10 in 2018
Salminen & Ikola-Norrbacka (2008)	Trust and Integrity violations in Finnish Public Administration.	Trust and violations of integrity in public organizations,	Public institutions and organizations in Finland are experience confidence from ordinary citizens.
Civilsamhället (2018)	Who finance civil society?	Public trust in public and private sector.	28%, 32%, and 37% respondents had very positive attitude towards Charities in years 2016, 2017, and 2018 respectively.
ACNC (2017)	Public Trust and Confidence in Australian Charities.	Trust and economic performance	Decline in public trust in charities; 37%, 30% & 24% in 2013, 2015 & 2017 respectively.
Charities Services (2016)	Public trust and confidence in Charities in New Zealand.	Trust and economic performance	Public trust in charities has declined; 6.4/10, 5.8/10, 6/10 and 5.9/10 in 2010, 2012, 2014 & 2016 respectively.
Bäck & Kestilä (2008)	Social capital and political trust in Finland: An individual-level Assessment.	Finns' trust in politics and democracy.	Citizens' trust towards institutions are based on thier prior experiences.
Ilmonen (2000)	Social Capital and Trust in Finland.	Trust in people and institutions	People don't trust each other as much as they used to do before.
Ahnquist et al. (2008)	Institutional trust and alcohol consumption.	Association between institutional trust and alcohol consumption	Trust towards politicians and public institutions has been declining during the past decade.
Saarikkomäki (2018)	Young people's conception of trust and confidence in crime control systems.	Trust in police and private security guards.	People in Finland has high level of trust towards police.

Table 3: research on public trust

Kaariainen (2008) and Saarikkomäki (2018) studied public trust in Finland from crime and security perspective. Kaariainen (2008) posits that if a person trusts an institution that means the person believes that the institution can fulfil its responsibility, is competent and it acts responsibly. Furthermore, trusting institutions means that the citizens are confident that institutions are reliable, take public interest into account, work well and follow rules and regulations (Kaariainen, 2008 p. 142-143). Both studies; Kaariainen (2008) and Saarikkomäki (2018), has found that people in Finland highly trust in police.

The issue of public trust has garnered a lot of research interest widely as seen above in Table 3. Most of these studies have focused on public trust towards government in both OECD and national level. Literature reviewed in this chapter shows a decline in public trust in many national governments and other public institutions. Studies also show that charity sector in many countries is facing a decline. Studies show level of trust in Finnish and Swedish governments and other public institutions are facing a decline as well. Most of the public trust studies carried out in Finland and Sweden focus on public trust in public institutions and political systems and actors. However, there has been to author's knowledge little or no studies on the level of public trust in Charities in Finland and Sweden.

Christensen & Laegreid (2016) argues that there is a strong association between trust in different institutions. Citizens with high public trust in one institutions most likely to trust other institutions as well, whereas distrust in one institution may cause distrust in other institutions as well (Christensen & Laegreid, 2016). Therefore, even though public trust in charities has not been studied well in Finland and Sweden, it is sensible to presume that public trust in Finnish and Swedish charities is experiencing a decline as well because studies shows public trust in governments and other public institutions in these countries are facing a decline. Thus, 'public trust in charities' is a relevant and timely topic to study, and this study aims to fill this gap hereby contributing to the extant literature on public trust in Charities as well as furthering the understanding on the causes of declining public trust in Charities.

In this chapter, existing studies on public trust was reviewed. Literature review shows that public trust in charities in many countries are facing a decline. This chapter also shows lack of comprehensive studies of public trust in charities in Finland and Sweden. In next chapter definitions and theories of trust are presented. Issues such as organizational trust, public trust, public trust in charities, why is public trust vital for charity sector? What are the foundations of trust? How is economy of charities

influenced by public trust and what can charities do to maintain and retain public trust? are also discussed in next chapter.

3. Theoretical Framework

The idea of trust is old, and the roots of trust have centuries-long history (Sztompka, 2003). However, trust has become the center of organizational theory for the past three decades and has emerged as a subject of its own study from 1990s (Eberl, 2004). Despite of trust being discussed widely in different fields of study, trust literatures don't have a clear focus in defining trust (Tone, 1995). Trust has been defined by scholars from different academic disciplines. E. Anderson & Weitz (1989); Choi & Rifon, (2002); Dwyer et al., (1987) discussed trust from marketing point of view. Lee & Turban (2001); McKnight & Chervany (2002); and Morrison & Frimstone (2000) discussed the role of trust in e-commerce sector. Similarly, Lewicki & Bunker (1996); and Deutsch (1960) discussed trust from social psychology perspective. Whereas trust was discussed by Dasgupta (1988) from an economics perspective, and Lewis & Weigert (1985) and Strub & Priest (1976) from sociology point of view.

Scholars such as Fukuyama (1995) Diego Gambetta (1998), James Coleman (1990), and Putnam (1993) also studied trust. They suggest that the performance of the society's institutions is mainly determined by their trust. They also argue that trust or social capital can help producing socially efficient outcomes and play role in avoiding inefficient non-cooperative traps. Putnam (1993) has observed that regions where public actively participate in civic activities has also gained higher objectives measures of performance and produce more public goods. Fukuyama (1995) believes that high trust among citizens accounts for the higher performance of all institutions in a society, including private firms.

As trust is associated with different disciplines, it is worth digging deeper –what trust is and how does trust shapes human behavior and influences organizational operations? Although the focus of this study is in public trust in charities, it is vital to understand how trust in general, influences relationships in different perspectives. Thus, in this section, definitions of trust from scholars from various disciplines will be presented in the beginning. The central focus of this study –public trust and public trust in charities, will be discussed afterwards. Issues such as why is public trust important in charities? What

shapes the trust? What are the foundations for trust? How can the trust be measured? What can be done to maintain and retain the public trust? Will be discussed in latter parts of this section.

3.1 Defining trust

What trust means? Although there is a widespread agreement among scholars on the significance of trust in human and organizational behavior (e.g. Homser, 1995; Eberl, 2004; McKnight & Chervany, 2001; Sargeant & Lee, 2004), definitions of trust are even conflicting with each other depending on whether a scholar takes a psychological or philosophical point of view on the subject (Sargeant & Lee, 2004b). Conceptualizing trust as psychological state, Levine & Hogg (2010) says that " trust entails a state of perceived vulnerability or risk that is derived from individuals' uncertainty regarding the motives, intentions, and prospective actions of others in whom they depend (p.937)." McKnight & Chervany (2001) regards trust as a rational choice; trusting is like the readiness to take a risk. Trusting people are motivated to make a rational and efficient choice, i.e. to maximize the expected gain or to minimize expected losses (McKnight & Chervany, 2001). Definitions of trust by different scholars can be place into two major categories. Some of the definitions have holistic approach to trust and others define trust from its broader influence on economy and society (Hardin, 2002). Some literature, for instance not only describe trust as an elusive concept but also as conceptual morass, trust has been described as both a verb and a noun, as both as a faith and a personality feature, and as both a behavioral intention and asocial structure (McKnight & Chervany, 2001).

Fukuyama (1995) describes trust as a function of social networks, cultural ethics and collective values which can nurture both prosperity and social cohesion. Greiling (2007) defines trust as an element that can have substantial impact on the productivity and the performance in non-commercial areas of an organization. Pirson & Malhotra (2011) has defined trust as 'willingness to be vulnerable to discretionary actions of another party'. There is a single variable that very comprehensively manipulates interpersonal and group behavior, and that is the trust Golembiewski & McConkie, 1975 p. 131). Trust mainly consists three vital elements; (i) the risk and uncertainty of the trust decision, (ii) trustor perceived trustworthiness of trustee, and (iii) the decision of trustor to trust trustee (Kwan & Hong, 2018).

Although definitions of trust by different scholars varies from each other's, there is a consensus among scholars that whatever else its essential features, trust is fundamentally a physiological state (McKnight & Chervany, 2001). Some of the well-known definitions of trust by different scholars are presented below.

"Trust is confidence that [one] will find what is desired [From another] rather than what is feared" – (Deutsch, 1973 p.148)

The reliance by one person, group or firm upon voluntarily accepted duty on the part of another person, group or firm to recognize and protect the rights and interests of all others engaged in a joint endeavor or economic exchange – (Homser, 1995 p. 393)

"Basically trust is a trait of deserving confidence." - (Ikola-norrbacka, 2008 p.75)

"Trust consists of actions that (a) increase one's vulnerability, (b) to another whose behavior is not under one's control, (c) in a situation in which the penalty (disutility) one suffers if the other abuses that vulnerability is greater than the benefit (utility) one gains if the other does not abuse that vulnerability." – (Zand, 1972, p.230)

"Trust is, one party believing that its needs will be fulfilled in the future by actions taken by the other party" – (Anderson & Weitz, 1989, p.7)

"A party's expectation that another party desires co-ordination, will fulfill obligations and will pull weight in the relationship" – (Dwyer et al., 1987 p.12)

Sztompka (2016) describes trust and its implication from two different theoretical approaches; first, building trust incrementally from downwards, and second, building trust purposefully from upwards. The first approach describes that trust is built with long term cumulative process where positive experiences are added up in mutual relationship, and the second approach illustrates that trust is also built intentionally by shaping the environment of actions where trust is seen as emerging due to the imposition of, respectively, secure environment for the mutual relationships (Sztompka, 2016). Fenton et al. (1999) argues that trust is a sensitive matter. Trust is to choose one party over another despite the possibility of being betrayed by the trusted ones, trust holds personal feelings of faith and hope, and make the relationship between trustor and trustee fragile, "trust is only possible in a situation where the possible damage may be greater than the advantage you seek" (Fenton et al., 1999 p.23).

Eberl (2004) has analyzed the development of trust by using game-theoretical model and calls it "The Trust Game". The trust game as shown below in figure 1. explains the journey of trust and distrust. Where, person A must decide whether to trust person B or not. If Person A choose to decide to trust person B, Person B has two options; either justify A's trust (in this case both A and B get a payoff) or abuse it (in this case B gets payoff and A loses units). If A decides not to trust B, that means A doesn't trust the possible payoff outcome. In this case justifying the trust of A is not inclined for B.

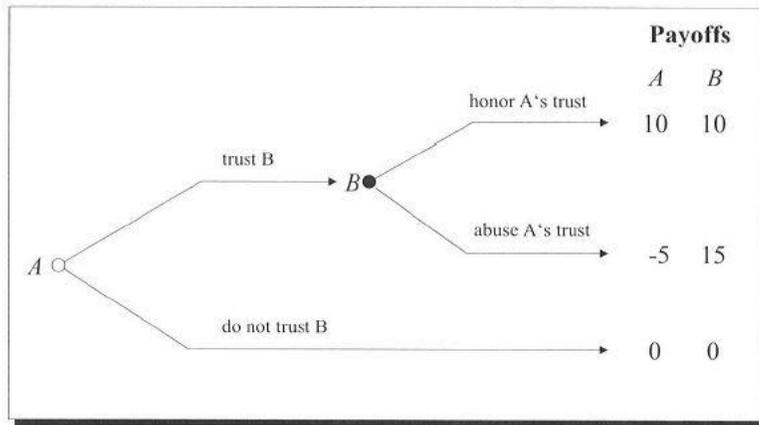


Figure 2. The Trust Game. Retrieved from (Eberl, 2004)

In general trust definitions seems to include some character reference to hopes and beliefs that another party will act what trustor predicts or expects. Thomas (1998) however argue that trust in its purest form is based on only beliefs, not expectations. He further explains that expectations indicate the calculations of likelihood that individuals will act as what is expected. He calls this a weaker form of trust than having a belief. Thomas (1998) outlined three different conceptions of trust; Fiduciary Trust, Mutual Trust and Social Trust. "Fiduciary trust, which is notable for asymmetric relationships and attendant opportunities for malfeasance, Mutual trust, which develops between individuals who repeatedly interact with one another and social trust, which is embedded within institutions we know in common and take for granted" (Thomas, 1998).

Ahnquist et al., (2008) has categorized trust into vertical and horizontal trusts. Institutional trust or vertical trust concerns trust in formal relationships and institutions such as politics, tax, law, police etc., where horizontal or general trust concerns trust in informal relations or trust among people in society in general situation (Ahnquist et al., 2008). Dividing trust into these two categories, Ahnquist et al., (2008) argue that it is possible to trust a person in general but distrust the institutions or system at the

same time. Paliszklewicz (2018) listed out different terms of trust that are commonly used in literatures; conditional and unconditional trust, basic, general, simple, blind, specific, organizational, and individual trusts. Researchers have also categorized trust by focusing on their foundations – knowledge-based, institutional-based, characteristics-based, process-based, calculus based, identification based, affect based, and cognition-based trust (Paliszkiewicz, 2018). Trust can be studied from different aspects; trust among people, trust among and within organizations, trust towards activities, trust towards politicians, trust in the community etc. (Ikola-norrbacka, 2008).

Trust literature seems to lack the focus on defining the trust. No one denies the vital importance of the trust, but it is defined from various perspectives and academic disciplines. From the definitions presented above it can be summarized that trust is a psychological state where 'A' (person, organization etc.) expects that 'B' (another person, organization) will fulfill its needs, even B's behavior is beyond A's control. The description of trust elements presented by (Kwan & Hong (2018) beautifully presents the idea of trust; (i) the risk and uncertainty of the trust decision, (ii) trustor perceived trustworthiness of trustee, and (iii) the decision of trustor to trust trustee. This section presented the idea of trust from general viewpoint. As the focus of this thesis is public trust in charity organizations, observing trust issue from organizational point of view is important. In the next section, the issue of trust will be discussed focusing on organizational perspective.

3.2 Public trust in organizations

The society we live in does not only consists of individuals but also organizations –where individuals plays key roles. Trust is not just an interpersonal matter, along with private sphere trust and its violations has public dimensions as well, "we often individually or collectively trust, distrust, rely on, or fail or refuse to rely on such institutions or institutional players qua players" (Mäkelä & Townley, 2013). In previous section different types of trust were discussed. For instance Horizontal and Vertical trust by Ahnquist et al., (2008), where vertical trust concerns the trust of citizens in public institutions. Similarly, Fiduciary, Mutual and Social trust by Thomas (1998) were also presented. Fiduciary trust emphasizes principal-agent relationship where principles (trustor) cannot control the agents (trustee), and social trust concerns dually accumulated trust of individuals which becomes public good in times.

These three trusts categories; vertical, fiduciary and social trust, holds the characteristics of public trust because public trust is what links citizens and organizations with mutual trust (Fard, et al., 2007).

In public administration and political science, public trust comes as a vital element (Fard et al., 2007). We cannot monitor organizations like we monitor our children, friends, partners etc. Verifying the efficiency of people in an organization or checking if they have met their commitments is not just time consuming but it carries the risk of turning healthy relations into suspicious ones (Mäkelä & Townley, 2013). Trust is a form of social capital, and it has positive and constructive effects in an organization such as improving natural sociability among members of the organization, cutting transactions costs in the organization, and simplifying adaptive forms of esteem to authorities (Kramer, 1999). Public trust connects people and organizations which leads organizations to success and progression in public affairs (Fard et al., 2007). For citizens, trust is a kind of general confidence in public authorities and politicians (Ikola-norrbacka, 2008).

Public trust or social capital demonstrated by an organization, induces the people to enter into certain relationship (Bryce, 2007). Public trust describes a state where public organizations are recognized with public goals, norms, and values, are capable, open, and trustworthy and are portrayed by concern for stakeholders and responsibility to them (Morreale & Shockley-Zalabak, 2014). "Public trust can be defined as a relationship reflecting the degree to which all stakeholders trust the organization's competences, organizational goals, shared standards and values, organizational principles, processes, procedures, codes of conduct, and care for internal and external stakeholders" (Paliszkievicz, 2018). Positive or negative experiences of people in fundamental matters of an organization is the core determinants of the public trust towards that organization (Bryce, 2007). Pirson & Malhotra (2011) further explains that trust facilitates efficient business transactions, increases customer satisfaction, and enhances employee motivation and commitment.

Porta, et al (1996) argues that organizations need trust to make cooperation sustainable. Trust is more important to those organizations where cooperation is done with strangers. "Trust is more essential for ensuring cooperation between strangers, or people who encounter with each other infrequently, than for supporting cooperation of people who interact frequently and repeatedly" (Porta et al., 1996). Trust has various supportive roles in an organization. Trust can assist organization in learning, creativity, and innovation, trust also facilitates negotiations, reduces transaction costs, and even helps to resolve the conflicts (Paliszkievicz, 2013). The decline or violation of public trust in organizations can cost

heavily to the organization and its system because public trust has an immense effect on the quality of public administration (Fard et al., 2007).

Ikola-norrbacka (2008) argues that public trust plays a vital role in success or losses of an organization or an institution, and high level of trust in one institutions helps to expand trust in other institutions as well. Volkswagen emission scandal ² and its consequences is an example of how loosing public trust affects organizations. After the scandal not only sale of Volkswagen cars was declined but also caused a loss of 76,000 vehicle sale worth approximately \$3.7 billion of revenue for other German manufactured vehicles (Bachmann, et al., 2018).

3.3 Public Trust in Charities

Similarly to the private sector and the public sector organizations, public trust is an important issue in charities as well. Before discussing the issue of public trust in charities it is important to understand what are charities and how do they operate? The English word "Charity" was developed from the Latin word "Caritas", which was translated from a Greek term "αγάπη" (Love), which refers to the "absolute willingness to give everything for the sake of another" (Morgan, 2008). In this thesis the term "charity" represents all those non-governmental and not profit seeking organizations that works for people and sectors that are vulnerable and need of support.

Positive morals of giving and involving in charitable works, such as "It is more fortunate to give than to receive," "good hearts and good deeds bring good rewards," "think of fountain when you drink water," "make positive return of the benefits you gained from the society" etc. are conveyed in most societies via socialization process, and those values influence our personality and culture (Wong, 2012). Wong (2012) has also listed other crucial elements that shape the foundation of giving behavior. Religious beliefs, heart-touching presentation of disasters and poverty via mass media and social networks, creative marketing methods and simplified donation process, donation illustrating social status, goodwill and fame, and special gratitude towards certain person or organization.

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² On September 18, 2015, U.S Environmental Protection Agency (EPA) served a notice of violation to the Volkswagen group alleging 500,00 diesel-engine VW and Audi cars contained defeat device that allowed those vehicles to pass emissions regulation test while having higher on-road emission (Bachmann, et al., 2018).

Charity is a sector which is guarded, valued, fostered and encouraged by the whole society and in most cases, charities make distinct contribution to the society (Hyndman, 2017b). Wong (2012) presented 5 structural features that defines the operation of charities; (1) They are organized, also institutionalized to some extent, (2) They are distinct from the government, (3) They do not distribute any profits produced to the proprietors, managers or directors, (4) They are self-governed, and (5) their operation involves some meaningful degree of voluntary participation in organization's activities or management. The activities of the charities organizations are primarily found in service sector (Yang et al., 2014). Bryce (2007) listed five core nonprofit-public transactions that explains the nature of charity operations that differs them from firms. Those transactions include the following:

1. Contracting, particularly for the charitable service
2. Promising commitment exclusively to a public service mission
3. Soliciting and receiving tax exemption and deductible donation in exchange for performance of the promised mission
4. Employing the organization's social capital for the public's benefit
5. Exercising custody over assets for the promised public purpose.

Charities have many centuries long history, they are voluntary organizations and serves the society in which they operate with specific charity objective (Hyndman, 2017b). Charity has been studied from disciplines such as psychology, sociology and economics. Economics view of charitable giving as an action of self-interest, sociologists says charity is what builds social relations and the motivations for charitable giving are promoting humanity, and compassion, fulfilling obligations, and strengthening positive affect and reducing guilt, psychological researches view charities as a tool to improve overall well-being of an individual (Lomas, 2015). "A non-profit organization is, in essence, an organization that is barred from distributing its net earnings, if any, to individuals who exercise control over it, such as members, officers, directors, or trustees" (Mittilä, 2003 p. 4). Charities are mostly funded by organizations and individuals who don't receive direct gains in exchange of their support (Hyndman, 2017b). Donations are collected in charities for noble causes such as health and environment research, helping people in need, protection and preservation of environment, art animals, helping people suffering from disasters and epidemic (Lomas, 2015). Why do charities exist? Charities exist because they are capable of providing such public benefits (support to poor, support in education, support in

disasters etc.) that most probably would not be provided to the same level, in absence of charities (Hyndman, 2017b).

Charity sector has experienced a significant changes and growth in past 3 decades – contracted payment for services, commercial marketing and fundraising, digitalization etc. (Sargeant & Lee, 2001). Charities have been viewed as strategically vital player which could act as a "middle man" between the private and public sector because they operate in generally small scale, have a bound with citizens, are flexible, have power to encourage private sector in support public initiatives, and can build social capital (Yang et al., 2014). Hyndman (2017a) stresses that financial crisis has forced governments to withdraw certain public services and encouraged them to engage charity sector more, which has brought more pressure to charity sector to respond to increasing beneficiaries' need. There are many organizations asking support from private donors and the number is growing. Private donors must decide whom to donate to, but they cannot readily know whether their support is used in the most efficient way (Burkart, et al., 2018). Gaskin (1999) argues that large public and private corporate bodies, and big charity organizations are having a lot of similarities –"too large, too competitive, too demanding, high managers' salaries, expensive marketing and fundraising campaigns etc." (p. 170).

Trust is the key foundation in which charity organizations are built upon (Sargeant & Lee, 2004a). Sargeant & Lee (2004a) has presented four vital actions that may be symptomatic trusting behavior.

1. Communication acceptance: This factor suggests that if a donor, to some extent, happily welcomes significant and timely communications from a charity, that indicates the trust.
2. Mutual Influence: This factor describes that if a person, to some extent, willingly modifies his/her behaviors to adapt the intentions of an organization, that indicates the trust.
3. Relationship Investment: This factor is specified as the level to which the donor is ready to give time, money or attention, which is specific to the relationship, to the charity.
4. Forbearance from opportunism: This indicative trust behavior explains the views that donors who trust charities organization to utilize their contribution properly would less likely to spend their funds in other household expenditure or support other charities.

3.3.1 Why is public trust important in charities?

Trust lies in the heart of charities (Sargeant & Lee, 2006). Trust is particularly vital for charity sector because the services provided to consumers by this sector is mostly tangible (Sargeant & Lee, 2004b). Because consumers don't have any objective criteria to evaluate the performance of a relationship and donors hardly can measure the effectiveness of the service provided as a value of their donation, they must rely on charity organizations they choose to support to, to deliver explicitly or implicitly promised benefits to the society (Sargeant & Lee, 2004b). As donors (trustor, principal) cannot control the actions of charities (trustee, agent) trust is what this 'trustor-trustee' or 'principal-agent' relationship is dependent on. As trust is the key foundation for charities to operate, it helps charity sector to define its credibility and legitimacy and helps charities achieving higher moral tone than private or public sector in the eyes of stakeholders such as donors, general public, regulators and the media (Sargeant & Lee, 2004b). Farwell et al. (2018) explains that charity organizations depend on philanthropic aid to accomplish their missions and the base of this aid is 'beliefs in an organization's legitimacy and trustworthiness'. Hyndman (2017) argues that trust and confidence by general public is lifeline to keep a charity healthy and growing.

High level of public trust and confidence is necessary for charities to succeed. "it is crucial to the sector's future that it continues to be favorably judged in the court of public opinion" (Gaskin, 1999 p. 164). Gaskin (1999) has listed three reasons that explains the importance of trust in a charity; To uphold or increase the support (time and money) and to maintain the public goodwill; To promote charity association and build social citizenship and to develop and maintain the political space in which to operate. Donors always expect that their contribution (Time and Money) will be used wisely, and if that expectation is not met Charities lose the trustworthiness and the loss of trustworthiness with donors can be problematic for Charities (Keating & Thrandardottir, 2017). Trust in charities are beneficial for building overall trust in society. Sargeant & Lee (2004b) explains that charity organizations play role in creating wider social trust which can, ultimately helps overall trust environment, and the betrayal of public trust can be destructive if charity sector fails to maintain it.

Citizen's willingness to make donations is affected by their trust in government and non-government organizations (Weng, et al, 2015; Sargeant & Lee, 2004b). Burt (2014) says "it is clear that donor trust is associated with the amount of money which a charity fundraising effort is likely to generate" (p.1)

Donation inflow in a charity needs to be sustainable, high public trust in charities also helps them in obtaining sustainable donation inflow (Weng, et al, 2015). Trust also facilitates organizations to reduce operation costs that are associated with activities such as bargaining and monitoring (Sargeant & Lee, 2004a). If public trust is maintained in charities, it offers them resources to operate, enhances the public's commitment towards them and the most important, charities can gain higher moral value than other sectors, and if charities fail to maintain the public trust, they may face intense negative consequences such as decrease in donations, loss of image, shrunken self-sufficiency, and at large downfall of the organization (Yang et al., 2014)

For their own social cohesion, charities are incubator of trust and they are functionally reliant upon the trust from general public for accomplishing their mission (Bryce, 2007). Fenton et al. (1999) stresses that for value-based organizations like charities, trust is a vital issue and need a careful consideration. Rutley & Stephens (2017) regarded public trust as an important mediator between antecedents such as reputation, familiarity and transparency and actions such as donating and volunteering. Rutley & Stephens (2017) further clarifies that charities holding good reputation are likely to be trusted, threshold of trust is prerequisites for offering money or time to a charity, and people are likely to give charities having higher level of trust. Sargeant & Lee (2006) argues that trust is probably the only most influential tool for charities which can, not only attract new donors in charities but also retain one's standing donors base. Public trust safeguards sustainable growth of charities and it influences the willingness of becoming donor but also donate bigger sums, long-term cooperation, commitment and better image of the charity organization (Sargeant & Lee, 2006).

Yang et al. (2014) discusses that mutual relationship between charities and the society. Charity and the society need each other; society needs charities to fulfill the gap that neither private sector nor public can address, whereas charities need society to exist and more importantly they rely on society to provide resources for their sustainability and growth (Yang et al., 2014). There is a deep-rooted belief in the society that charities will address the need of the society, provide public good and execute these tasks efficiently by utilizing the available resources wisely. The violation of this public belief results crisis in charities (Yang et al., 2014). One of the recent and very popular example of how betrayal of trust affects charity organizations is, the case of Oxfam. After it was revealed that Oxfam used sex workers during its relief mission in Haiti in 2010, it has been struggling to win back the trust from public, which has resulted loss of at least 7,000 regular donors ("Oxfam loses 7,000 donors", 2018).

This section discussed the importance of trust in charities. In summary, trust is important for charities because; trust simplifies the transactions between charities and their donor, increases public's willingness to donate, donate higher amount and donate for long period is affected by their trust towards charity organizations, it helps charity sector to define its credibility and legitimacy, and helps charities achieving higher moral tone than private or public sector in the eyes of stakeholders. Why a person decides to trust another person or an organization? In what base that trust is built upon? Understanding of the bases of trust is vital for managing trust (Burt,2014). In the next section various trust foundations are discussed.

3.4 Trust Foundations

Trust develops with different process in different contexts. What is the basis of people's trust in a charity? Trust in charity is based on people's good experience with them and their belief towards that charity that it will perform well (Yang et al., 2014). Yang et al. (2014) identifies nine key features of a charity which is regarded as trustworthy by the public.

1. Being well managed
2. Bringing positive change to the cause they are working for
3. Making sure that fundraising activities are ethical and honest
4. Are independent to make decisions of where and what is the cause they work for
5. Affinity between the public and beneficiaries
6. Ensure the openness and transparency
7. Hold a good reputation
8. Is nicely managed
9. Making sure that sufficient quantity of the donations received make it to the end beneficiaries.

Scholars such as Burt (2014) and Kramer (1999) have discussed foundations/bases of trust. Burt (2014) distinguished the trust foundations into two different categories; General trust foundations, and Contextual trust foundations. He argues trust develops generally from cognitive and affective foundations, and factors such as individual's personality, societal beliefs, context etc. influences the development of the trust. He discussed role and rule-based trust, transactional trust and web-based

donating, system dependent trust, and transactional trust under contextual trust foundations. Kramer (1999) presented dispositional trust, history-based trust, third party as conduits of trust, category-based trust, role-based trust, and rule-based trust as bases of trust. However he didn't make any categorization of these bases of trust.

One of the aims of this thesis is to find the foundations on which public trust is built upon. How do these foundations affect the trust development process in the context of charities? Focusing on this question, foundations of trust will be discussed from two different perspective; general trust foundations and contextual trust foundations in coming sections.

3.4.1 General Trust Foundations

General trust foundations refer to the factors that shape the trust in general situations. In the context of a charity, factors influence people's trust towards charities in general situations are general trust foundations.

Cognitive trust: Cognitive trust refers to the trust donors develops on the basis of the amount and nature of knowledge of a charity (Burt, 2014). This trust is based on the donor's understanding of charity's ability, generosity, trustworthiness, predictability etc. (Mayer et al., 1995).

Affective trust: Affective trust is based on the emotions of a donor. Some people are attached with certain cause. Some people have some connection, history or other experience of certain issue –cancer, animal care, war zone etc. and get attached with it. Donors receive a number of psychological gifts in return while donating to a cause they are emotionally attached with (Burt, 2014).

Dispositional trust: Relations along with trust is highly affected by the personality of parties involved in relationships (Burt, 2014). Trust development in charities are thus influenced by the personality of the donor. Rotter (1980) says this dispositional aspect of the trust are built from early trust-relating experiences, which later form into a generalized trust about others (people, organizations). Dispositional trust cannot be managed or controlled by a charity (Burt, 2014).

Societal trust: Societal trust in a charity means the level of general trust members of a society (usually characterized by culture or nationality parameters) have towards institutions (Burt, 2014). Researches

for instance by Nye et. al. (1997) found that it is particularly harder for charities to convince people in non-trusting or skeptical societies. This demonstrates that society is the baseline for charities to put their effort in, for the development of trust.

Category-based trust: This is a depersonalized trust, where people trust a person or an organization because it falls under a certain category. Kramer (1999) defines *Category* from two levels; first, superordinate level, where charities falls under certain category because of the legally determined category, and second, subordinate level, where the category of a charity is defined by charity activities it conducts. Burt (2014), emphasizes the need of charities to understand their own category because category influences their capability to maintain trustworthy relationship with their donors.

3.4.2 Contextual Trust Foundations

Contextual trust refers to an element which is the specific context or domain on which trust is granted (Burt, 2014). In this section, aspects of trust development which are linked with the medium (individual approaching in street, webpage) or process (donors trusting charities to deliver their donations) charities use to collect donations will be discussed.

Role-based trust: Role based trust is trust upon a certain role a person is performing not the person himself/herself (Kramer, 1999). Public cannot possibly know trustworthiness of an individual raising funds in the street or shopping mall, but they may trust that individual because of their general trust they have on the role that person is performing. "We would normally be reluctant to give money to a total stranger, but knowledge that a person is performing a role can overcome this reluctance" (Burt, 2014 p. 8).

Rule-based trust: Rule-based trust is not about the trust development influenced by the knowledge of a charity nor is a conscious calculations of consequences but is about trust towards the system of rules concerning appropriate behavior within a society (Burt, 2014; Kramer, 1999). People donate even in the absence of necessary information and the basic rule for this trust is perhaps, donor donates money because they trust that charities follows the rule, i.e. they do something good with that money. Burt (2014) regards this as a fundamental beginning of a relationship between donor and charities.

Trust towards web-based donation: Most of the charities nowadays have websites, many of them have established online donation system in their website and charities consider visitor of their website as possible donors (Burt, 2014). System-dependent trust is discussed in literatures under web-based donations and trust issue. System-dependent trust refers to the trust influenced by trustworthy online donating system. Any uncertainty in technology and online donating system such as technical errors, security breaches etc. affects the trust towards the system (Burt, 2014). Protection of the personal information and following GDPR (General Data Protection Regulations) can be added here as factor to influence the trust towards online donating systems.

Third parties as conduits of trust: Kramer (1999) presents the role of third party as an important element that influences the development of trust. Burt & Knez (1995) discussed the role of gossips in transmitting 'second-hand' knowledge and information. Trust development in charities as well can be influenced by third parties, comments or sharing of experience from family members, relatives, close friends may play role in development both positive and negative trust development.

History based trust: Trust development is a cumulative process where past experiences are added to form trust and distrust (Kramer, 1999). Kramer (1999) argues that information from history eases the decision-making whether to trust another party or not as history helps assessing others' nature, intentions and motives.

This section discussed both general and contextual trust foundations. Information, emotions and personality of the trustor, general trust environment in the society, and trust given to an entity because it falls under certain category are discussed as general foundations of trust. Whereas, role a person is performing, trust towards the system in which the trustee operates, technology trustee uses, the history of the trustee and the role of third party were discussed as contextual foundations of trust. As Burt (2014) emphasized that it is important for organizations to understand the base of the trust, charity organizations also need to pay attention towards trust foundations to maintain the trust.

As the focus of this thesis is trust in charity organizations and its affect in donor's donation behavior, the next section discusses the factors donors look into while before putting their trust in particular charity organizations. The determinants of public trust in charity organizations are presented in next section.

3.5 Determinants of Public Trust in Charities

Some scholars such as Sargeant & Lee (2005), Furneaux & Wymer (2015) and Torres-Moraga et. al. (2010) discuss other elements that influence trust development in charities. Sargeant & Lee (2005) divided antecedents of trust into two categories; contextual (Judgement, motives, role competence, service quality) and individual (Familiarity, satisfaction, attitudes towards beneficiaries). Torres-Moraga et. al. (2010) presented four antecedents of trust namely; reputation of the organization, donor's familiarity with the charity sector, perceived opportunism, and perceived communication effectiveness. Similarly, Furneaux & Wymer (2015) presented following seven elements that affect trust development in charities: Familiarity, transparency, size, location, values, mission, and reputation. In addition to aforementioned elements that influence the trust, accountability, the role of media, scandals are also discussed in literatures as factors influencing the trust. All these elements are summarized below as determinants of public trust.

Code of conducts: Code of conducts in case of trust development in charities refers to the expectation the public has in charities to follow general values of charity organizations. Public trust is influenced by donor's perception on the extent to which they believe a charity will utilize their donation appropriately and according to organizational ethics and purpose behind charities' action is benevolent (Sargeant & Lee, 2005). Public views, charities following core ethical values, charities with mission-focused, and have ability to make a meaningful difference to the mission are trustworthy (Furneaux & Wymer, 2015).

Competences: Competence factor refers to competence of a charity to perform its tasks efficiently and its service quality. "The greater the degree of perceived competence the more likely the individual/organization is to earn the trust of the buyer" (Morgan & Hunt, 1994). Sargeant & Lee (2005) argues that good service quality of a charity is beneficial for resource attraction and resource allocation.

Familiarity: Familiarity is commonly discussed topic by many literatures. Familiarity includes awareness of something on the basis of past experiences, interactions and learning (Torres-Moraga et.

al., 2010) The concept of familiarity explains how donors tend to trust familiar charities and charitable causes. Organizations and people we know are more trustworthy for us because trust is relational (Furneaux & Wymer, 2015). Saxton (1995) says there is a higher degree of chance that donors trust charities or charitable cause more if they are familiar with the nature and significance. Sargeant & Lee (2005) further add that past experience with a familiar charity organization plays role in trust development.

Satisfaction: Charities needs to keep their donor satisfied to win their trust. When satisfaction from past experiences with a person or an organization accumulates, it leads to the formation of both personal and economic bond, which ultimately facilitates the trust development (Torres-Moraga et. al., 2010). Trust can also be enhanced by charities demonstrating that they have interest of customers at heart and they have abilities to address donors' concern (Beatty et. al., 1996).

Reputation: Reputation is another factor that influences the trust development in charities. Reputation in a charity is a symptom of the public's respect for it. Furneaux & Wymer (2015) says there is very limited chance that public widely trust a charity holding a bad reputation. (Torres-Moraga et. al., 2010) stress that reputation signals new supporters and it contributes in maintaining long-term relationships, customer loyalty and in case of charities, attracts donors.

Communication: Due to the barriers in frequent two-way communication between charities and public the role of charities in establishing communication is crucial (Torres-Moraga et. al., 2010). Often the only communication that happens between charities and their supporters is the one, the charity initiates itself, and giving out meaningful and sensible information positively influence the development of trust (Sargeant and Lee, 2005). Complications arise in charities when stakeholders have limited information of the quality of the provided service; Knowledge of how funds are used, and organization's behavior (Becker, 2018). Communication is a crucial tool to establish and maintain the effective relationship between charities and their donors (Torres-Moraga et. al., 2010).

Size and location: Another interesting and vital element that influences the trust development in charities is the size and location of the charity. In case of size, Furneaux & Wymer (2015) says public tend to trust big charities because they are well-known, can make difference and likely to be operating in long run. Furneaux & Wymer (2015) argue that location of a charity also has influence in trust development as local charities are more likely to respond and work for local issues. But they have ignored the argument that higher operating cost, bureaucracy etc. of large charity organization aren't

good for winning public trust. Fenton et al. (1999) also has studied how size and location influences trust in charities. This study suggests that, while donating, public prefer local charities over international and this preference is driven by the opportunity to see the results of the cause they contributed for, desire of supporting own local community and for the reason that "it implies scale initiative that is more readily accountable" (p. 33) Furthermore public feels better sense of bond and control with local or national programs. Similarly Fenton et al. (1999) also argues that public prefer to donate small organizations over the big ones because they perceive big charities as organization containing too much bureaucracy, big number of staffs, too professionalized and applies business techniques.

Scandals and media: Scandals and misconducts are harmful for trust in charities. An increasing number of scandals in non-profit organizations has been threatening public trust and reputation of non-profit sector worldwide (Becker, 2018). Nonprofits have responsibility to direct its fund towards mission-related works in an efficient and effective manner. But, confidence and trust of donors in charities are rocked by the high-profile nonprofit scandals (Lecy & Searing, 2015). There are evidences that charities involved in scandals or other misconducts loses the trust from public, which not only stops new donors to donate but also risk the donors' loyalty (Bryce, 2007).

Media has an important role in developing public trust in charities because they transmit the information of both good and bad deed to the public. Burt (2014) views media as a third-party conduit of trust as they have ability to transfer trust-related information. He also argues that media, in many ways delivers 'gossips' which influences the trust. The media has been criticized for promoting negativity in many cases, and media content has significant impact on societal trust (Moy & Scheufele, 2000). On the one hand, the media helps charities publicize their activities and accomplishments, on the other hand, if they detect any ill practice they may play role in ruining trustworthiness of the organization. Lee et al (2012) discuss the role of media in trust issue in Charities. Media can serve as a vehicle to monitor the activities of Charities and make them accountable but there is also the risk that media may have their own biases and provide misleading information about Charities which may harm the trust Lee et al (2012). After analyzing the relationship between charities and media independence, Lee et al (2012) concluded that independent media is positively associated with trust issue in Charities.

Transparency, accountability and administrative efficiency: transparency, accountability and proper communication has important role in trust development in a charity. Bryce (2007) argues that through transparency, accountability and other ethical codes, charities can achieve, preserve and restore the

public trust. Weng, et al (2015) further explains that corruption, administrative efficiency, quality of organization and accountability are closely linked with donor's trust. Becker (2018) found that organizations that do not fulfill any quality and transparency standards scored lower in terms of public trust, reputation, perceived quality, donation behavior. Donors' donation behavior is highly affected by their opinions about an organization's corruption and administrative inefficiency (Weng et al., 2015).

Becker (2018) argues that charity sector needs to embrace voluntary accountability. Voluntary non-profit accountability is emerging and NPOs around the globe has adopted voluntary accountability initiatives and activities that go beyond what law requires (Becker, 2018). Becker (2018) further explains that voluntary non-profit accountability forms people's attitude towards non-profit sector in terms of donation behavior, higher trust, reputation, and perceived quality. Becker (2018) stresses voluntary accountability in non-profits plays the role of a kind of insurance that the organization works as expected and the funds are utilized appropriately. Discussing various elements that influences trust in charities Furneaux & Wymer (2015) regard transparency, accountability and administrative efficiency are among the most important determinants of the trust in charities.

Following the discussion held above and argument of Furneaux & Wymer (2015) it can be presumed that transparency, accountability and administrative efficiency are vital elements of trust development in charities.

In both sections 'Foundations of trust' and 'Determinants of trust' factors that facilitates/influences/affects public trust in charity organizations were discussed. Foundations and determinants of trust were brought into discussion from different trust literatures. Empirical study of this thesis consists of quantitative survey, which includes statements relating to trust determinants. Most of the foundations and determinants of trust discussed in chapters above are reflected in survey questionnaires. In other words, substantial part empirical study of this thesis is developed form theoretical discussion of these chapters.

3.6 Public Trust and Charities' Economy

In the introduction of charity sector above in section 3.3, it is well discussed that charities need funds to be able to operate, help people, and make positive impact in the cause they work in. It is also discussed

above that the fund charities need, comes from the donors, largely from individual donors. In this section, the economy of the charity sector will be discussed along with the effect of public trust in donation collection in charities.

Charities, just like any other private or public organizations must cover the economic cost of resource they use and most of this economic cost is covered by the donations offered by the private donors (Mittilä, 2003). Burt (2014) says that the core source of financial resources for a charity are donors and without their support charities not only struggle to function but also likely to face decline. Burt (2014) further explains that donor's constant support for a charity is linked with their degree of trust towards the charity organization and trust in the charity sector in general. This means the economy of a charity highly depends on the donation offered by the public. While charities need donations to be able to operate, increasing numbers of charity organizations, demanding public, and reduced government and corporate fund has made economic management of charities challenging (Burkart et al., 2018). In another hand, people are facing ever growing number of charities asking for donations and donating to charities is a tricky decision for donors as they cannot readily gather information about charities about whether the charity uses the fund appropriately or not (Burkart et al., 2018). Trust facilitates the decision making in such dilemma (Burt, 2014).

There is a consensus among scholars that public trust in charities influences the donor number and amount. But different researches brought out different fact concerning whether the influence is significant or not, Several studies confirm that trust plays a crucial role in determining economic growth in charities (Algan & Cahuc, 2013). Scholars such as Bekkers (2003), Burnnet (2002), Hou et. al. (2017), Sargeant & Lee (2002, 2014) argue that a higher trust level in charity organizations has impact on donor's willingness to become a donor and donate higher amount. Sargeant & Lee (2014) says higher levels of donor's trust and higher level of support are associated. However, their study has concluded that even major increase in trust may have minor impact on donation behavior. Alhidari et. al (2018) found that trust in charity organizations determines an individual's intention to make donation and determines future donations, but in another hand, their study concluded that individual's donation to charity organizations is multidimensional which is influenced by four antecedents: "Perceived ability, Perceived integrity, perceived benevolence and individual's disposition of trust" (p. 638). Bekkers (2003) also found that there is an association between societal trust and donation behavior.

Hou et. al (2017) however found in their study that there is no direct impact of trust in giving intention especially in pre-giving stage. In the donation decision-making process, the damage of trust does not have direct effect in donation intention but indirectly influences giving intention through its impact on perceived benefit and perceived risk (Hou et. al., 2017). Putnam (2000) has studied a half-century long decline of institutional trust in the USA; there is a decline in trust in institutions. However, Putnam (2000) found it steady and higher over the past half-century. This demonstrates that it is not the case that public trust always has an influence in donation behavior. In European context, a report by European Fundraising Association (2015) reported that there is no changes in the level of public trust in charities in Finland and Sweden. The same report shows that although voluntary income has risen in both Finland and Sweden, the numbers of donors in Finland and Sweden has decreased by 13% and 6% respectively.

From the discussion done above, it can be inferred that public trust in charity may influences number and amount of donations, however not significantly.

Above, it was discussed whether public trust and donor's behavior correlates or not. While discussing public trust and its impact in economy of charity sector it is also interesting to discuss it vice-versa; economic behavior of charities and its impact on public trust. Below dimensions of administrative efficiency of charities, and its impact on public trust is discussed.

The charity sector is becoming more competitive, the resources are harder to secure, and nonprofits need to demonstrate effectiveness to secure resources, and donors expects nonprofits to do more with less resources (Lecy & Searing, 2015). A general insight is that the administrative inefficiency of Charities has negative effect on donor's donation behavior. Administrative efficiency is one factor donors seek in charities in order to have trust in them (Yang et al., 2014). Administrative expenses are disliked by donors because they understand it as a diversion of fund from the support program (Tinkelman & Mankaney, 2007). Due to the incidents of misuse of funds, and scandals, the public demand of administrative efficiency and better regulation of charities has intensified (Lecy & Searing, 2015).

Tinkelman & Mankaney (2007) observed that pushing Charities to have administrative efficiency is not always good because that may result a competition to show low administrative cost ratio which induces managers to under-invest in vital sectors such as good governance, planning, compliance etc.

Fundraising efforts has both positive and negative effects; stimulates public awareness and helps in

marketing in positive sides and gets penalize by donors when they perceive high administrative expenses (Tinkelman & Mankaney, 2007).

There are many organizations asking support from private donors and the number is growing. Private donors must decide whom to donate to, but they cannot readily know whether their support is used in the most efficient way (Lecy & Searing, 2015). Burkart et al. (2018) says ratio overhead costs (Administrative and fundraising cost) relative to total expenses, which in most cases, can be calculated from publicly available figures, is an easily and widely used benchmark. Result of their study suggests that challenges posed by fluctuating donations can result in negative impact on administrative capacities of charities. "The focus on financial performance measurement in charities supported by increasingly available overhead cost information to donors, can lead to detrimental effects on utility created through resulting reduced administrative cost ratios" (Burkart et al., 2018 p. 325).

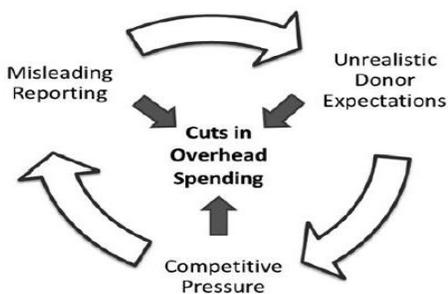


Figure 3. Non-profit starvation cycle (Lecy and Searing, 2015)

The overhead ratio (a measure of overhead expenditure as a percentage of total expenses) is recognized as one of the most prominent metrics to measure administrative efficiency (Lecy & Searing, 2015) But on the other hand dependence on overhead ratios also created extreme need of administrative efficiency that may cause under-investment in vital soft factors which may harm the nonprofit. Lecy & Searing (2015) call it a "nonprofit starvation cycle". The concept of Non-profit starvation cycle is illustrated above in Figure 3. It explains that the trend of using overhead cost ratios has put nonprofits in pressure to adopt more formal accounting tools and modern financial management techniques. There are many evidences that misreporting of fundraising and administrative expenses are rampant Lecy & Searing (2015). If one charity shows its overhead ratio low, donors expect that such ratio are achievable and sustainable by other charities as well. This creates a race to the bottom to match those numbers to appear competitive in nonprofit market. It is important for nonprofit sector to align overhead cost with donors' expectation.

Increasing numbers of charity organizations, increasing competition on resources, demanding public, and reduced government and corporate fund –this is what charity sector is experiencing today. This has brought a though pressure for charities to be more efficient. Another preeminent issue in charities is their spending. Like (Lecy and Searing, 2015) described in their 'Non-profit starvation cycle', charity organizations are stunned by competitive pressure, unrealistic donors' expectation and competition to show low administrative cost among charity organizations. Economy of charity sector it connected with trust and ultimately with sustainability. Charity's spending in administrative areas and inefficiency are disliked by donors, but without a sufficient investment in marketing, fundraising and other soft areas, charities cannot maintain efficiency. How can charities overcome this contrasting pressure? This is a crucial question charity sector is dealing with. Has charity sector been able to communicate properly with their donors about their difficulty and importance of spending in soft factors? Has charity sector studied what proportion of donated amount is acceptable for donors to spend? Researchers and charity sector need to brainstorm on how they can spend in vital sector and keep the public's trust protected.

3.7 Measuring Public Trust in Charities

Public trust in charities is a serious issue and for several reasons it is highly consequential which indeed deserves a careful consideration (Neill, 2009). It is well discussed in above sections that maintaining of public trust is crucial for charities to sustain and grow. But, how do charities know the level of trust the public have in them? The empirical study of this thesis also aims to measure the level of public trust in charities in both country (Finland & Sweden) and organizational (Greenpeace Finland & Finnish Red Cross) levels. With the aim to develop the model of empirical research for this thesis, some models of trust measurement will be discussed in this section.

A charity will not be able to forecast future donation income without updated information on donor's trust towards charity, which a charity needs to forecast the charity's ability to respond to recipient's needs (Burt, 2014). There is a dilemma among stakeholders of charities because the services produced by non-profit organizations are often intangible and of which the quality is tough to measure (Becker, 2018). According to Yang et al. (2014) a charity needs to measure public trust for following reasons; (1) To see if charity if the charity has exceeded or at least met the standards set by donors, (2) To make sure the charity is delivering excellent services to beneficiaries, (3) to inspire workers, volunteers via

learning and development and (4) to ensure that the charity and its operations meet accountability and transparency requirements. Therefore, investing time into trust measurement and evaluation is vital for charities (Burt, 2014).

Measuring of public trust is not an easy task. Greiling (2007) says that measuring services and intangible assets are challenging in many degrees than measuring material assets. Charities provide services with credence properties that the quality of the service provided cannot be evaluated by a non-expert even after using it, and beneficiaries of services provided by charities are in many cases do not hold capacity to evaluate the quality of the service – children, frail elderly, mentally handicapped people etc. (Greiling, 2007). Burt (2014) also agrees that a degree of expertise is required to develop trust measurement strategy, and to analyze the results. Charities need to check public's perception towards their operation and more importantly maintain the trust of their donors. According to Yang et al. (2014), Two main indicators are used for performance measurement in charities; first, Economic performance measurement which measures fundraising and revenue reserves, and another is non-economic (Soft) performance measurement, which measure service quality, donor's satisfaction, volunteerism, and overall program effectiveness. Measuring these soft factors are often challenging because measuring social development in which qualitative achievement cannot be evaluated objectively in comparison to economic development (Yang et al., 2014). There are only few studies that studied trust measurement in charities. Halford & Sherlock (2017), Yang et al., (2014), and Burt (2014) were found to be studying trust measurement in charity organizations. Paine (2003) has also studied trust measurement but the focus is not the charity.

Halford & Sherlock (2017) claim that they have developed Trustworthy Organization Model that can measure trust from multi-stakeholder perspective. They argue that trust comprises three dimensions (Competence, Experience, and Values) which are each underwritten by four 'trust drivers' associated with specific organizational behavior that influence trust. Drivers associated with Competence are; understanding benefits, transparency, promise delivery, and reliability. Expertise, responsiveness, individualization, and point of view are associated with Experience. Similarly, understanding the needs, sociability, vision and communitarian are associated with Values (Halford & Sherlock, 2017).

Burt (2014) has suggested a number of options to measure the trust in charities. A total of five options suggested by Burt (2014) are presented below;

1. Implicit feedback from donor's behavior: Monitoring donation behavior as a way to measure trust. One clear signal to a charity that there may be an issue with donor trust is if the number of donors begins to decline. A decline in total returns from fundraising efforts may also be indicative of trust issue. Donation number matters not donation size. DONOR COMPLIANCE RATE is a key indicator of trust i.e. how many of the people asked to donate did in fact donate?
2. Longitudinal survey data on charity sector trust: National survey data may be useful for understanding public's general attitude towards charity sectors. If the data indicate that category-based trust is declining for the category of charity which they belong to, a charity need to work harder to develop and maintain the public's trust.
3. Surveying donor population with trust measures: Charities could conduct their own survey of a sample of their donor population. Much more distinctive data can be generated from such survey.
4. Surveying donor population on acceptable donation use: Transactional trust is centered around how each donated dollar is used. What a particular charity's donors think is the acceptable administrative cost? This information can be used to observe how their use of donated funds may be influencing the donor's trust in the charity.
 [Many researches (Warwick, 1994; BBB Wise Alliance in America 2001) found that up to 20% of raised fund are acceptable to be spent on administrative expenses. Research done by Harvey and McCrohen, 1998 however found charities that spend at least 60% of the raised fund on services could raise higher level of donations.]
5. Analyzing clickstream data: Clickstream data give opportunity to a site manager to study how users browse or navigate a website. A website visitor that spends little time on the home page and go directly to the donation page and makes donation may indicate trust towards the charity. Google analytics, in-page analytics, click heat, crazy egg etc. are other tools for it.

Paine (2003) argues that organizations can avoid several drawback with the help of trust measurement; if they measure trust and act accordingly, organizations can save organization's resources by reducing the cost of lawsuit, pressure campaigns, boycotts etc. She has also presented six 'Trust measurement and evaluation components'. First, she suggest to define the parties with whom you want to measure the trust; second, setting up specific measureable goals and objectives is necessary; third, as measurement is a comparative tool establishing the comparing variable is necessary; fourth, selecting a measurement

methodology is necessary; fifth, analyzing result and making recommendations is necessary; and the sixth determining the value of trust is also necessary.

In this section it is discussed that measuring of public trust is challenging because of its intangible and multidimensional nature. But there are several methods and techniques to measure the trust.

Conducting surveys, getting feedback, understanding the trends of donors and donation, and utilizing the latest technological developments (Google analytics, in-page analytics, click heat, crazy egg etc) to understand the public trust can be used.

The principal question is whether charities realize the importance of measuring public trust. A research carried out by New Philanthropy Capital (NCP) found that almost a third of charity organizations' leaders think a damage in public trust wouldn't have any effect in their organization (Halford and Sherlock, 2017). When charities find the level of trust public have in their organization, what next? They should think about retaining public trust if it is low and think about maintaining the trust level if it is good. In the next section, the issue of maintaining and retaining of public trust in charities will be discussed.

3.8 Maintaining and Retaining Public Trust

After discussing the importance of the public trust in charities it can be concluded that public trust is crucial for charities to sustain and grow. But how can charities maintain public trust to be able to help people in need? As one of the aims of this thesis is to discuss on how charities can maintain or retain public trust in their organizations, some aspects of maintaining and retaining trust are discussed in this chapter.

People generally believe that there should and will be important role of charities in society, and most people believe that it is good to support charity organizations by donating money and time (Gaskin, 1999). But there are several incidents of trust violations and if those incidents become public knowledge, and they often do, they will damage donor's trust (Burt, 2014). Fenton et al. (1999) says, "Trust is difficult to establish, easy to block and constantly under threat" (p. 39). If a charity faces a trust crisis what can be done to restore it? These are other vital questions for charities.

Foundations of the trust are discussed above in section 3.4. As those foundations are elements, in which trust is built upon, it can be argued that making those foundations strong can help in maintaining trust in charities. One of the major issues of donors' concern is administrative costs of charities (Sargeant & Lee, 2006). The public is usually suspicious about marketing and administration expenses, "the harder organizations try to raise funds from the public the more they risk losing support because of the amount they are seen to be spending on on-operational activities" (Fenton et al., 2010 p. 25). Pushy fundraising techniques have brought resentment and anger, a general feeling is that charity sector is too demanding, big and out of control and the sector is compromising its own basic values (Gaskin, 1999).

Transparency and accountability of charities are other public concerns. Bryce (2007) argues that through transparency, accountability and other ethical codes, charities can achieve, preserve and restore the public trust. To address the issue of transparency and accountability scholars such as Parsons (2007) and Saxton et al. (2012) presented the idea of 'Voluntary accountability'. Becker (2018) says, voluntary non-profit accountability is emerging and NPOs around the globe has adopted voluntary accountability initiatives and activities that go beyond what law requires. CARE International's has high standards of accountability (Reports various organizational documents yearly in accordance with 'Accountable Now' reporting guidelines that are impact focused, responsive, and transparent.) has been extensively recognized as exemplarily (Becker, 2018). Becker (2018) further explains that voluntary non-profit accountability forms people's attitude towards non-profit sector in terms of donation behavior, higher trust, reputation, and perceived quality. Feng et al. (2016) provides evidences that voluntary accountability benefits non-profits in terms of a favorable public response towards nonprofits including growth in donation behavior. External certification and accreditation are also strong form of voluntary accountability because external evaluators such as other non-association member, or independent third-party organizations review a non-profit organizations with certain quality and transparency standards (Becker, 2018).

However, Keating & Thrandardottir (2017) warns- "From social trust perspective, the accountability agenda is more problematic. Instead of being indicators of trustworthiness, transparency and external accountability are exactly opposite -they are signal of perceived untrustworthiness" (p. 142). This presents a big delimita of whether external accountability and transparency are beneficial for Charities or not. This also shows that the agenda of transparency and accountability needs to be dealt carefully.

Many evidences show that people's perception is that they trust charities less than they used to, and one of the reason for this declining trust, according to Gaskin, (1999) is, 'blurred boundaries'. Gaskin (1999) explains that large public and private corporate bodies, and big charity organizations are having a lot of similarities, charities have started to have business-style orientation; huge competition among charities and somewhat cynical fundraising blitz. This 'blurred' boundary of charity sector along with media exposure and social break down have brought decline in trust, have increased wariness and brought institutions under suspicion (Gaskin, 1999). Fundraising culture of the whole charity sector has been commercialized which has resulted the public's feeling of being forced and begins resist (Fenton et al., 1999). Some empirical evidences show that the erosion of public trust in charities is also connected with the current fundraising blitz as intense fundraising practices are disliked by majority of the people and they trust charities only when they know where their support reaches (Fenton et al., 1999).

Communication is another trust influencing element that is discussed in many literatures. Bryce, (2007) says, public trust in charities can be restored by the quality of information and effective supervision and stresses that the quality of the information is more important than the messenger. Halford & Sherlock (2017) charities need to have a 'One Voice' throughout their engagement with the public. This helps charities to break communication noise and demonstrate that charity is aligned with its claimed objectives. Sangeant & Lee (2005) emphasize the role of charities in establishing communication with public because the only communication that happens between charities and their supporters is the one the charity initiates itself and giving out meaningful and sensible information positively influence the development of trust. Communication is a crucial tool to establish and maintain the effective relationship between charities and their donors (Torres-Moraga et. al., 2010).

Trust violation incident such as scandal is another major factor to destroy trust in charities, an increasing number of scandals in non-profit organizations has been threatening public trust and reputation of non-profit sector worldwide (Becker, 2018). Due to the repeated violations of trust, the art of establishing trust has become a complicated process and the public lacks a clear image of the charity sector (Fenton et al., 1999). It is challenging to rebuild damaged trust (Fenton et al., 1999). If public trust is damaged due to the actions, policies, errors or other reasons, the principal responsibility of the management of a charity is to restore and improve the trust (Bryce, 2007).

Burt (2014) suggests charities to have strict legislations as they help to maintain donors' trust as they ensure fraud does not happen. He also suggests being careful with the media role as they usually sensationalize trust violation incidents. "A single negative media report of donation misallocation is likely to be noticed and remembered by donors, and such could destroy years of good work building trustworthy reputation" (Burt, 2014 p. 50). He also suggests a number of actions to be taken in case of trust violation. Charities can take following actions; Reticence (giving a statement by explaining that accused party cannot or will not confirm or disconfirm the truth of the accusation); Apology and Denial (Apology indicates that charity is sincere and make sure same won't happen in future, where denial gives charity the benefit of doubt). Burt (2014) also proposed that Situational Crisis Communication theory (SCCT) developed by Coombs (1995, 1998, 2004, 2006) and Coombs & Holladay (1996, 2001, 2002) can be used in charity context as well. The SCCT model has four steps namely; Classifying the trust violation events, analyzing crisis history relationship, building systematic crisis response strategy, and placing crisis events into suitable crisis cluster.

In this section it is discussed that trust is a sensitive, that's why it can be easily broken. Building trust is hard and harder is to retain the trust. To maintain the trust, charities need to be careful in spending donor's money, they should follow the code of conducts, be transparent and accountable, emphasize in timely communication with donors and do ethical fundraising. If trust is broken, charities should try to find the root cause of trust destruction, make a clear denial if the accusation is false, apologize if the allegation is correct and develop a proper crisis handling strategy to deal with the problem.

Various trust relating issues are discussed in this chapter briefly. Starting from general trust, trust in organizations, trust in charities, trust foundations, charities' economy and trust management issue are discussed. Concluding the chapter, it can be said that trust is a sensitive matter and it needs a careful consideration, especially in charities because trust is the major factor that keeps charity sector alive. After the theoretical research, this thesis moves towards empirical study from next chapter. Research questions, hypotheses, and data collection and analysis methodology is presented in next chapter.

4. Research Methodology

In this chapter, research questions, research design, limitation of the study, details of data collection and data analysis methodology are discussed.

4.1 Research Design

Qualitative and quantitative are the methods often used as research methodology. What method is appropriate in social research? Qualitative or quantitative? There is a long debate on this issue in the research field. Daniel (2016) calls it a paradigm war between constructivists and positivists. But both qualitative and quantitative methods has their own strengths, both approaches are tools with different techniques and procedures and can be used to achieve the same goals (Daniel, 2016). Lately, mixed method; combination of qualitative and quantitative approaches (Onwuegbuzie & Collins, 2007) has become popular and researchers recognize it as the third most important research approach (Johnson et al., 2014). Onwuegbuzie & Collins (2007) called mixed approach as movement that has moved past the paradigm wars of qualitative versus quantitative methods and offered a logical and practical alternative. "Mixed method research is, generally speaking, an approach to knowledge (theory and practice) that attempts to consider multiple viewpoints, perspectives, positions, and standpoints (always including the standpoint of qualitative and quantitative research)" (Johnson et al., 2014 p.36). Johnson & Onwuegbuzie (2007) argued that the goal of mixed approach in research is not to substitute qualitative and quantitative approaches but rather to bring strengths from both approaches in a single study.

In this thesis mixed approach; both qualitative and quantitative research approaches, is used. The empirical research of this thesis can be divided into two main parts in terms of both contexts of the research and methods of the research. In terms of context, this thesis studies public trust in country-level; Finland and Sweden, and organizational level; Greenpeace Finland and Finnish Red Cross. Similarly, in terms of methodology, qualitative method; in-depth interviews and quantitative method; street survey, are used in this study.

The larger part of this research is carried out using quantitative method. Daniel (2016) argued quantitative method is suitable tool especially for general or public fashion because of its clear

objective and guidelines. Quantitative research method is beneficial because of several reasons; for instance, researchers can save time and resources because statistical tools can be used in data analysis, it is seen as more scientific in nature than other approaches, and generalization is possible (Daniel, 2016). Quantitative method is more practical approach to this study because the focus of the study is to observe public opinion regarding trust. This study also applies qualitative method in studying trust in organizational level. As quantitative method has weakness when it comes to in-depth study of the phenomena (Daniel, 2016), it is more sensible to apply qualitative approach too, in studying public trust in charities because it is a multidimensional issue (Alhidari et al., 2018).

Both primary and secondary data are used in this thesis. Street surveys and face to face in-depth interview are primary data sources while various public trust literatures and annual reports of Greenpeace Finland and Finnish Red Cross society are used to do comparative analysis with primary data. A full picture of research design is presented below in Figure 4.

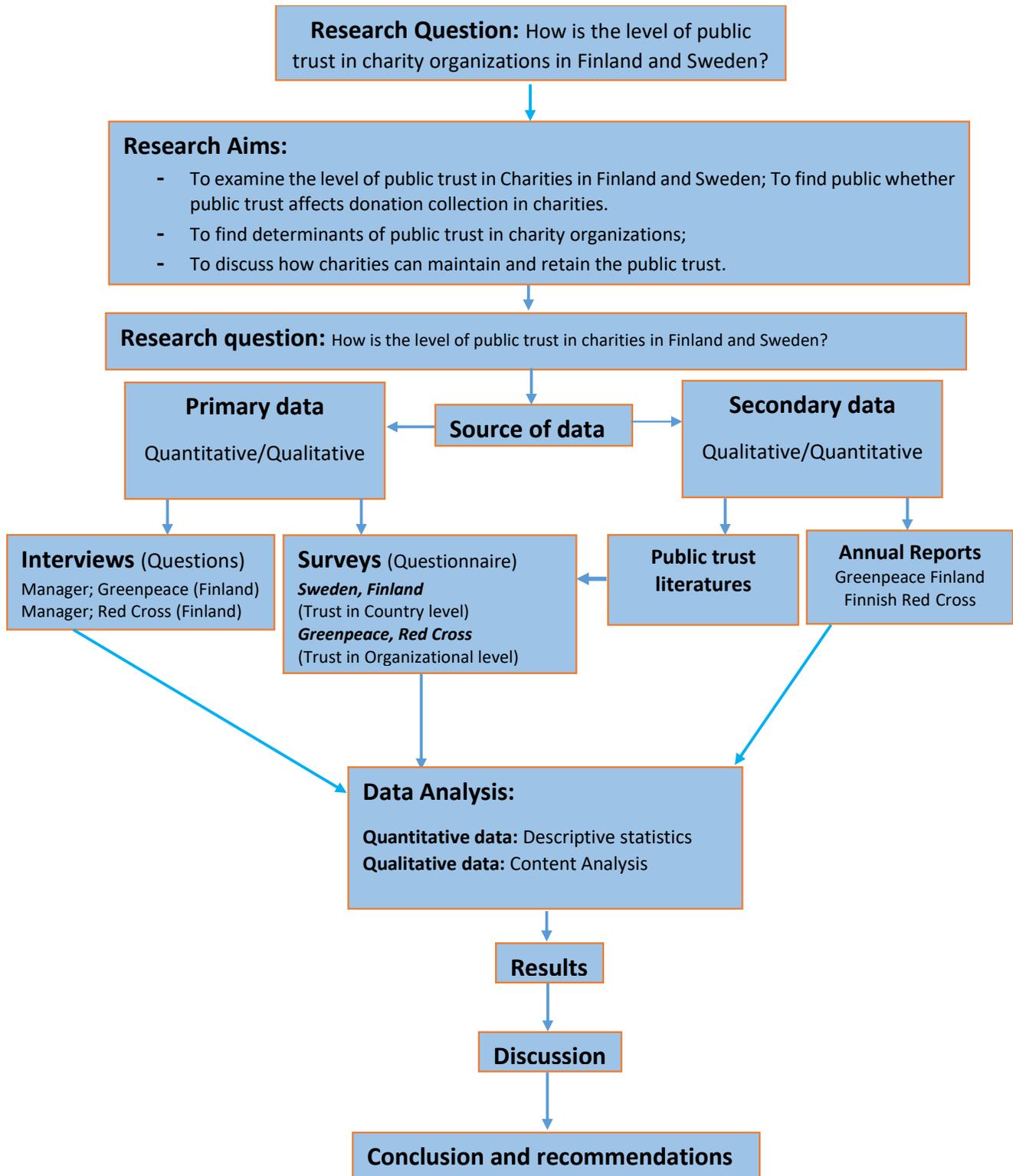


Figure 4. Research design of the thesis

4.2 Limitations of the study

Public trust is a multidimensional concept (Alhidari et al., 2018), a single study cannot address each of its dimension. Depending on many things the level of public trust keeps changing. As shown in the literature review section, the study of public trust in charity sector is very limited. The central question of this thesis is how is the situation of public trust in Finland and Sweden? Due to the lack of prior studies this thesis lacks opportunity to compare its finding with other studies from previous years.

Therefore, this study will only be able to discuss on the current level of public trust in both countries.

Another limitation of this study is the sample population of the research. The goal of finding "Public trust in charities in Finland" or "Public trust in charities in Sweden" would be best met if the research could have covered big population in both countries and from different parts. Public trust theories also suggests that location matters in trust (e.g. Furneaux & Wymer (2015)). But the study is focused on general public and organizations based on capital cities of both countries. Thus, this sample may not be representative of the whole country. But as citizens from different parts of country reside/travel in capital cities, it is reasonable to believe that surveys represent the opinion beyond the capital regions.

Not all factors that shapes the trust in charities are discussed in this thesis. Factors that shape trusting behavior of an individual such as economic capacity, age, gender, level of education, personalities, religion etc. are not addressed in this thesis.

4.3 Data Collection

Data for this thesis is collected on two different levels; country level and organizational level. In the country level two separate street surveys were conducted in Finland and Sweden to observe the trust level of citizens have in charities in their respective countries. Similarly, in the organizational level, trust in two organizations (one experiencing growth in donor numbers, and another experiencing a decline) were studied. The aim of selecting these different organizations is to observe the difference, if there is any, in the level of public's trust in organizations experiencing contrasting growth trend in donor numbers. Separate surveys, interviews with fundraising managers and review of their annual reports were done to study the situation of trust in those organizations.

All surveys and interviews with fundraising managers will be conducted face-to-face. Face-to-face surveys and interviews benefit researchers with high response rate and usefulness (Flint et al., 2016). 'Intercept Surveys' have traditionally been used to measure consumer attitude, as it helps to poll a large number of people in one setting at lower cost (Evans et al., 2005). One of the straightforward and direct method for gathering data on public perceptions or other locally relevant information is, public intercept surveys and interview method (Flint et al., 2016). Intercept method is flexible and avoids potential bias but sometimes has disadvantages as participants do not want to be delayed in reaching their destination (Graham et al., 2014).

Details of data collection and analysis is discussed in this chapter.

4.3.1 Case study organizations

Researchers have contrasting views on whether the public trust has significant influence on donation collection or not and whether donors' donation decision is based on trust in an organization or not. As Burt (2014) has suggested that there might be a crisis of trust if there is a decline in donor number. Therefore, two organizations; one with declining in donor number (Greenpeace Finland) and another with increasing donor numbers (Finnish Red Cross Society), were chosen for this study.

Greenpeace is a non-governmental environmental organization founded in 1971 and currently has independent regional and national organizations in 55 countries (Greenpeace international, 2019). Greenpeace Finland is among those national organizations and has been actively working in sectors such as climate change, forestry and sea ecosystem since 1989 (Greenpeace Suomi, 2019). While Finland is considered one of the most aware countries (Ranked 3rd in 2015) in climate change and environmental protection (Carbon Relief, 2015), it is surprising to see that every year a smaller number of Finnish people are donating to Greenpeace; an organization working for environmental protection. Greenpeace Finland has been facing decline in donation numbers since 2013 (Greenpeace, 2015-2017).

Finnish Red Cross is another organization studied in this thesis. Finnish Red Cross was established in 1877, currently has more than 500 branches in Finland, and works both inside and outside Finland in sectors such as disaster relief, blood donations, first aid, reception center for asylum seekers, emergency assistance and shelters (Finnish Red Cross, 2019). Total number of donors has been

growing, total donation amount has been fluctuating and number of general members of the organization is decreasing in Finnish Red Cross (Finnish Red Cross, 2014-2017).

Annual reports from 2014 to 2017 of both organizations will be studied and number of donors and amount of donation collected each year in respective organizations will be extracted. Data from both documents and survey results will be analyzed to observe there is relation between growth trend in donations and public trust.

4.3.2 Street Survey

A total of four surveys were conducted from which a total of 120 people participated in the study. First two surveys were conducted to study public trust in Country level. Surveys were conducted in capital city of Finland; Helsinki and capital city of Sweden; Stockholm. Both surveys were conducted in central railways and bus station, and 30 randomly selected people participated in the survey held in each city. A questionnaire (See Appendix 1) consisting various trust aspects such as respondent's insights about charity works, efficiency, trustworthiness, factors that shape the trustworthiness etc. was given to respondents.

Additionally, a further two surveys were conducted to study public trust in organizational level. Two organizations were chosen; one experiencing a growth in donor numbers (Finnish Red Cross Society) and another experiencing a decline (Greenpeace Finland). The survey was conducted in public places (Central railway and bus Station), and the number of respondents for survey of each organization was 30. The researcher stood with fundraisers of both organization during the survey. Fundraisers were requested to send randomly approached person to the researcher, after he/she completes the sales pitch. The questionnaire consists respective organization's trust relating questions (See Appendix 2).

Questionnaires of both surveys were presented in paper, as use of paper is economic for small-scale survey and respondents will not require technological knowledge to participate in the survey (Hohwü et al., 2013).

Along with some background questions larger part of the street survey questionnaires consist of Likert Scale questions asking respondents' trust level and their opinion on various trust determining elements. Likert Scales have been commonly adopted in social science research (Willits et al., 2016; Subedi,

2016). "Likert scales have been developed to measure attitudes by asking people to respond to a series of statements about a topic, in terms of the extent to which they agree with them, and so tapping into the cognitive and affective components of attitudes" (Subedi, 2016 p.38). Although Likert scales are commonly used in social science research, there is no consensus among researchers especially in scale and data analysis methodology (Willits et al., 2016). Willits et al (2016) argues that to bring greater differentiation in responses, it is good to extend the number of categories. A Five-category response scale is used to collect respondents' perception towards different trust determining elements in this study. To study the overall trust, a wider scale; Seven-category response scale was used so that a wider variety of responses could be collected.

4.3.3 Interviews with Fundraising managers

Although scholars don't have a consensus about the intensity of the effect of public trust in donation collection, the discussion held above in theoretical framework section shows a relationship between these two variables. To observe whether public trust is influencing charities' fundraising or not, qualitative research interview was used as a tool to gather data. The qualitative research interviews allows interviewees to share rich description of phenomenon and allows researchers to make interpretation and analysis (Qu & Dumay, 2011). Semi-structured interviews were conducted with Fundraising managers of two organizations (same organizations with which street survey is conducted). Separate interviews with fundraising managers of both Finnish Red Cross and Greenpeace Finland were conducted. Semi structured interviews are commonly used in social science research (Hopf, 2004; DiCicco-Bloom & Crabtree, 2006; Qu & Dumay, 2011). Semi-structured interview holds a capacity to disclose vital and often unseen facets of organizational and human behavior, allows interviewer to adjust the speed, organization and style of the interview, and allow interviewee to response in their own style (DiCicco-Bloom & Crabtree, 2006).

The goal of the interview was to gain insights regarding public trust and its influence in charity organizations from organization's point of view. Fundraising manager of Finnish Red Cross and Fundraising manager of Greenpeace Finland were interviewed. Both interviews were held in organizations' offices in Helsinki. Fundraising manager of Greenpeace Finland has been working as fundraising manager in Greenpeace Finland from one year. He also has experience of

managing/working in fundraising operations in other organizations such as *Suomen Pakolaisapu* and UNICEF Finland. Similarly, fundraising manager of Finnish Red Cross has a long experience of managing fundraising operation in Finnish Red Cross. She has been working as Fundraising manager, fundraising planner and coordinator since 2007.

A letter of consent was signed by both researcher and interviewees to maintain confidentiality. The audio of the interviews was recorded. The interview questions will center around understanding the charities' perception on trust issue and, also observing managers' opinion on the relation between public trust and fundraising.

4.4 Data Analysis Methodology

Data analysis in this thesis consists of analysis of data collected from both quantitative surveys and qualitative interviews. Data analysis helps to reduce size of information, recognize significant patterns, make sense of big amount of data, and build a framework for transmitting the meaning of what collected data reveals (Patton,1990). As stated above, four different surveys were conducted; Two surveys for analyzing trust in country level (Finland & Sweden) and two surveys for analyzing trust in organizational level (Finnish Red Cross & Greenpeace Finland). Country level surveys mainly consists of Likert type and Likert scale questions and a series of statements to be ranked in order of importance. Similarly, organization level survey consists of Likert type and Likert scale questions.

Issue of analysis of Likert data is not straightforward (Harpe, 2015). Methods to analyze data from Likert scales are not widely available (Göb et al., 2007). There has been a long debate on whether Likert scale data are ordinal or interval, and whether parametric or non-parametric tests are suitable for ordinal data (Joshi et al. 2015; Harpe, 2015). Subedi (2016) has made a comprehensive research on dilemma of analyzing Likert data. Subedi (2016) argues that Likert items are ordinal data and descriptive statistics such as Mode or Median can be used to analyze them, whereas, Likert scale data are interval data, and Mean and Standard Deviation can be used to analyze them.

For Likert-item data, Median will be calculated. For Likert scale data, Croasmun & Ostrom (2011) suggested to calculate Mean and check internal consistency. However, if the data collected is widely distributed, Median will be calculated.

Regarding the analysis of qualitative interviews, first, the audio record of the interviews was transcribed into texts. The transcribed text was then analyzed. Regarding the analysis methodology, narrative, content or thematic analysis are commonly used in qualitative researches. Qualitative interview data was analyzed using content analysis methodology in this thesis. Content analysis is regarded as a flexible method to analyze text by many researchers (Hsieh & Shannon, 2005). Vaismoradi, et al. (2013) argues that content analysis has strengths to analyze vital, complicated, and sensitive phenomena. Content analysis breaks the text into small items of content and report of common issue stated in the data (Green & Thorogood, 2004). In this thesis interviews will be analyzed using content analysis method. Important sentences/phrases were highlighted at first. Highlighted sentences/phrases were then categorized, and crucial elements were extracted from the document (please see Appendix 3 as an example).

Regarding the analysis of organizational documents, information such as donor numbers, donation amount, general members are extracted from annual reports and analyzed along with finding from survey and interviews. The next chapter presents the findings of the empirical study of this thesis.

5 Finding of the study

In this chapter, findings of surveys, interviews and document analysis carried out in empirical study of this thesis is presented. Results from country level surveys, organizational level surveys, interviews are presented in the first, second and the third sections of this chapter respectively.

5.1 Findings: Public Trust in Charity Sector in Finland and Sweden

General trust in charity sector

The goal of the country level survey was to find the level of trust, people generally have in charity sector. Respondents were requested to rate the level of trust in charities in their respective countries [1=extremely low trust, 7=extremely high trust]. The result from this survey shows the level of public

trust in charity sector in Finland is higher than the average [3.5] point [Median=5]. Similarly, Sweden has scored around average point [Median=4] in the survey result. Please see Appendix 4.

Donors and trust

Respondents were also asked about their donation status during the survey. Out of a total of 30 people surveyed, 7 respondents answered that they have never donated to any charity organizations. Whereas 9 answered that they used to donate before and 14 said that they are currently donating. Similarly, in Sweden, 9, 7 and 14 respondents answered never donated, used to donate before, and currently donating, respectively (see appendix 5).

These survey results also revealed that there is no association between respondents' donation status and their trust towards charities. The results present few interesting facts; for instance, 1 respondent of survey conducted in Sweden who answered he/she is a donors to charity organizations but have extremely low trust. Similarly, in the same study, another respondent answered that he/she is not donor to any charity but have extremely high trust. In Finland only one respondent who was a donor to an organization answered that he/she have extremely high trust in charities. None of the respondents from Finland, who were not donor to any organization, answered that they have 'extremely low 'or 'very low' trust in charities.

Change in the level of trust in recent years

In the survey, respondents were also asked if they think the level of trust in charities in their respective countries has changes in recent years. Half of the respondents from Finland and 36.7% of respondents from Sweden were not aware of the situation. 20% of Finnish respondents and 16.7% of Swedish respondents think that the level of trust has decreased, whereas 20% of respondents from both countries think the level of trust has increased (See appendix 6). This result demonstrates that not many people think that the level of public trust in both counties has decreased.

Importance of trust in making donation decisions

Respondents were also asked; how much trust matters to them while making donation decision? On a scale from 1 -7 (1= Extremely unimportant, and 7 = Extremely important) respondents were requested to give the score. A total of 16 respondents from Finland, and a total of 21 respondents from Sweden answered that trust is extremely important while making donation decisions. The results show [see

Appendix 7, median score in both countries = 7] that trust is extremely important for respondents from both countries while making donation decision.

Determinants of public trust

One of the aims of this thesis is to discuss the determinants of public trust in charity organizations. In the country-level survey, a total of six statements describing various trust determining aspects (Administrative efficiency, Accountability, Ethical fundraising, Transparency, Proper management, and No involvement in scandals) were presented, and respondents were requested to rank those statements in order of the importance. Respondents were requested to rank 1 for least, and 6 for most important statement. In Finland, accountability was ranked the highest whereas administrative efficiency was ranked the highest (Please see appendix 8). Mean rank provided by the respondents demonstrates that transparency, accountability and administrative efficiency are the main determinants of trust in charity organizations.

Respondents' opinion on various trust building factors

There are various elements charities need to take care of during their operations to keep donors satisfied and build the trust. It is vital to understand public's opinion regarding those trust building factors. In the country-level survey, a Likert scale question consisting of 13 items were presented in the questionnaire. Respondents were requested to rate the statements according to how much they agree or disagree with the given statements. Respondents were requested to rate statements as follows; 1= Strongly disagree, 2= disagree, 3= Neither agree nor disagree, 4= agree, and 5= Strongly agree. Median score is calculated from each statement. To make it easier to interpret the results, responses - extremely disagree and disagree are presented together as 'disagree' and responses -agree and extremely agree are presented together as 'agree' (Please see appendix 9). Results show that most people agree that charities play important role in society; 56.6% of respondents answered they agree (Agree and strongly agree) to the statement. 70% of respondents from Finland agree that charities make positive difference to causes they advocate for. Majority of respondents agree on statements such as; charities ensure ethical fundraising, they are properly regulated, they are transparent, charities that work locally are more trustworthy, and charities act according to the public interest. Results indicate that people in Finland don't have very positive opinion regarding charities' spending, proper management, proportion of donation reaching to the end cause, and spending on the administration.

Similarly, results from Sweden are also clustered; responses -extremely disagree and disagree are presented together as 'disagree' and responses -agree and extremely agree are presented together as 'agree' (Please see appendix 10). Majority of respondents from Sweden agree (agree and strongly agree) on statements such as; charities can make positive difference to causes they advocate for, charities play important role in the society, and charities that works locally are more trustworthy. Whereas, Swedish respondents don't seem to agree much on statements such as; big charities are more trustworthy, reasonable proportion of fund reach to the end cause, charities are regulated to ensure they act for public benefit, and charities are transparent.

5.2 Findings: Public Trust and Donations Trends in Charity Organizations

The goal of the organization-level survey was to find the level of trust charity organizations (Finnish Red Cross & Greenpeace Finland) have and compare the results with the trend of donor numbers and donation amount in those organizations. In this section, results of the survey will be presented in the beginning, data extracted from annual reports of studied organizations will be presented afterwards.

Respondents' trust in case organizations

All respondents who participated in both surveys had either heard of, or aware of surveyed organization's missions and activities. This means, the data collected from both surveys are from people who had prior information about the organizations. Respondents were requested to rank the level of trust on a scale from 1 to 7. The survey results show that trust in both Finnish Red Cross and Greenpeace Finland is very high. Accumulated percentage of high, very high and extremely high trust in Finnish Red Cross is 76.6% whereas accumulated percentage of high, very high and extremely high trust in Greenpeace Finland is 90%. Only 2 respondents from Red Cross-survey, and 1 respondent from Greenpeace-survey answered that they have low trust in respective charities. Both surveys' Median trust value is 6.0 (see appendix 11).

Donation decisions -based on the trust?

Respondents were then asked if their donation decision was based on their trust or not? The results demonstrate that public trust doesn't have significant effect on donor's donation decision. 14 respondents of both Red Cross and Greenpeace surveys agreed (agree + strongly agree) that their

donations decision was based on their trust in respective organizations. Whereas, a total of 6 respondents of Red Cross survey and 11 respondents of Greenpeace survey disagreed (Strongly disagree + disagree) that their donation decision was based on their trust in respective organizations. The median score of both surveys is 3.00 (see appendix 12).

Respondents' opinion on various trust determining factors

A Likert scale consisting 5 statements related to trust determining factors in charity organizations were also presented in the questionnaire, and respondent were asked to answer how much do they agree/disagree with the given statements. Respondents were requested to rank the statement as follows; 1= Strongly disagree, 2= Disagree, 3= Neither agree, nor disagree, 4= Agree, and 5=strongly agree. To make it easier to interpret the results, responses -extremely disagree and disagree are presented together as 'disagree' and responses -agree and extremely agree are presented together as 'agree' (see appendix 13).

The results show that, 90% of respondents agree (agree and strongly agree) that Red Cross has a mission important to the public. More than 70% of respondents agree (agree and strongly agree) that Red Cross can make positive change and does ethical fundraising. However, respondents don't seem to be positive regarding transparency and accountability and spending reasonable proportion of donation in the end cause.

Similarly, result of Greenpeace-survey is also clustered - responses -extremely disagree and disagree are presented together as 'disagree' and responses -agree and extremely agree are presented together as 'agree' (see appendix 14). Similarly to the Red Cross, almost all (96.7%) respondents of Greenpeace-survey agreed (agree and strongly agree) that Greenpeace has a mission that is important to public. Majority of the respondent are positive towards statements regarding Greenpeace's ability to make positive change, its fundraising, and its transparency and accountability. However like in the Red Cross, not many people agree that reasonable proportion of fund collected in Greenpeace reach to the end cause.

In summary, both charity organizations seem to have a high level of public trust. Except public opinion in the statement-'reasonable proportion of collected donation reach to the end cause', public seems to be positive regarding various trust determining factors.

While both organizations seem to enjoy a good level of public trust, how is their performance in getting donations from individual donors? Table 4 and Figure 5 presented below demonstrate the growth of donors and donation amount of Finnish Red Cross (FRC) and Greenpeace Finland. Table and graph presented below show donor numbers in FRC is increasing every year. However, donation amount has been increased to 13 million Euros in 2015 but declined to 10 million Euros in 2016 and slightly increased in 2017. On the other hand, Greenpeace Finland has been hit by the decline in donor numbers since 2014. Although the number of decreased donors is not big, number of donor in Greenpeace Finland has declined to 17,560 in 2017 from 20,605 in 2014.

Year/Country	Finnish Red Cross		Greenpeace Finland	
	Donor Numbers	Donation amount (€)	Donor numbers	Donation amount (€)
2014	30,000	8,784,107	20,605	-----
2015	102,000	13,975,001	20,052	1,883,227
2016	120,000	10,654,996	19,544	1,890,873
2017	130,000	11,280,620	17,560	1,952,507

Table 4. Growth in number of donors and amount of donation in FRC & Greenpeace.

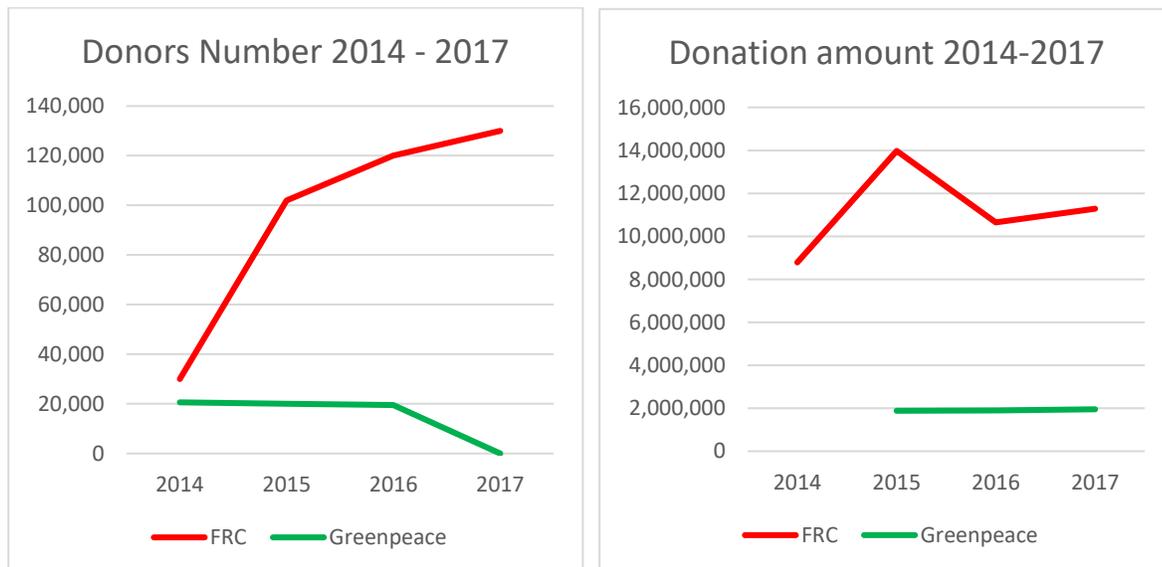


Figure 5. Growth in number of donors and amount of donation in FRC & Greenpeace.

This section presented the results of the organizational level survey and data of Greenpeace Finland and Finnish Red Cross regarding their growth in donor numbers and donation amount. In the next section, results from qualitative interviews will be presented.

5.3 Findings: Interviews

The goal of the interviews with fundraising managers of Finnish Red Cross and Greenpeace Finland was to get insights regarding how organizations perceive 'Public Trust' and what kind of effect does public trust has in charity organizations. Moreover, interviews were used also to get insights on other factors of public trust such as what are the factor that are affecting charity donation collection? What are the challenges? etc., from respective organization's perspective. Results from the qualitative interviews are presented below.

Situation of public trust and its association with growth in donation collection

Managers of both organizations; Finnish Red Cross (FRC) & Greenpeace Finland argued that there is no Public trust crisis in their organization. They claimed that they are aware about the global trend of public trust crisis in institutions but deny that their organizations are facing same level of decline.

"Yes, number of our donors are declining, but I don't think it is just because of declined public trust in Greenpeace. We focus bigger donation amount and the donation amount has been good." (Fundraising Manager, Greenpeace Finland)

"I don't think it is so. You can't really see it so much here in Finland. I really don't think the public trust is declining here in Finland and in Red cross." (Fundraising Manager, Finnish Red Cross)

Annual reports of Greenpeace Finland have shown that the number of donors has been declining since 2013. Fundraising manager of Greenpeace suggest looking at the amount instead. *"if you look at the amount, it is good"*. The claim by Greenpeace's fundraising manager is supported by the data provided by Greenpeace, which shows the growth in donation amount. On the other hand, Finnish Red Cross has been facing a decline in number of general members. Annual reports of Finnish Red Cross shows that general members of Red Cross were 86,000 in 2015, which has declined to 82,000 in 2016 and

80,000 in 2017. Fundraising manager of Finnish Red Cross denied the association between public trust and declining number of general members in the Finnish Red cross.

But interviewees agreed that public trust has important role in securing donors and getting higher donation amount, but they also added that there are other important factors as well that affect the donation collection. Fundraising manager of Greenpeace Finland believes that, factors that contributed to decline in donor numbers in Greenpeace are mainly internal ones. He argues the competence of fundraisers is among most important factors. Fundraising manager of Finnish Red Cross also thinks that fundraisers and their competence is important for the growth in donor numbers and higher donation amount. She calls fundraisers and volunteers "a card to go outside". Meaning, people's perceptions on the Red Cross are based on how fundraisers and volunteers presents themselves with public.

Study of public trust in Finnish Red Cross and Greenpeace Finland

Finnish Red cross hasn't yet studied public trust itself but takes part in studies for instance '*Hyväntekeväisyys tutkimus*' and '*Taloustutkimus*' that studies public trust every two year. "*Trust has been same in those research*" says fundraising manager of Finnish Red Cross. Greenpeace has conducted brand survey to study their own performance. "*Our brand survey shows that we don't have a public trust problem*" says fundraising manager of Greenpeace. FRC's fundraising manager thinks study of public trust is also a diversion of resources and they haven't felt the need to do it.

We haven't really seen the need to do that, because it's money again. I guess we should do more on them, but it takes time and money. (Fundraising Manager, Finnish Red Cross)

Interpretation of survey result

The interviews were conducted after the survey was completed and preliminary result were calculated. The surveys studied the level of public trust in both charities. Both organizations got a Mean score of 5.5 out of 7, from the survey. The result was presented to the interviewees in the interview and were asked how they interpret the result. Fundraising managers of both organizations sound satisfied with the result, however they mentioned that there is still room for an improvement.

Factors that affect public trust in charities

Interviewees were asked what factors they think affect public trust in their respective organization. Issues both interviewees raised were similar to the issues discussed above in theoretical framework chapter: familiarity, size of organization, scandals, negative publicity, roles of media, administrative cost, communication etc. They both argued that fundraising culture in Finland is new and it is gradually improving.

Fundraising manager of Greenpeace Finland thinks that the sector a charity organization works, also matters. He thinks many people consider that the sector Greenpeace is working is not as important as for instance helping war victims or victims of disasters. Red Cross's fundraising manager also agreed that there are some sentiments behind regular growth of Finnish Red Cross. *"People still remember the second world war and Red Cross was active there. Your grandparents might talk about that today"*, says fundraising manager of Finnish Red Cross.

Negative publicity seems to be a matter of headache for both organizations. Both interviewees agreed that negativity really affect the trust.

"Facebook nowadays! They are so open to write anything, there is terrible stuffs there. But it's pretty much the same people who do it all over again. They are not even thinking to support us, but you know 'trust', it's an easy answer" -Fundraising Manager, Finnish Red Cross

However, Greenpeace's fundraising manager thinks sometimes negativity helps to promote as well.

"When some people are against us, other people see us as fighter, this actually make us popular" - Fundraising Manager, Greenpeace Finland

Both interviewees stressed the importance of efficient communication. Both argues that charities should be able to communicate their work and the impact of their work efficiently. Administrative costs are very common issue raised by the donors in both organizations. Greenpeace fundraising manager suggests understanding fundraising costs from another approach. He thinks that, it is good if charities to spend some fund in efficient fundraising and marketing, and as a result generate much more fund, which will ultimately bring positive change to the cause. Fundraising manager of Finnish Red Cross says that although there are questions about costs, people are convinced when the positive effect of those costs are explained. She also added that, sometimes cost relating comments from public are very personal, and are usually false.

In this section result of qualitative interviews was presented. The results show that both organizations have not experienced decline in public trust. Both interviewees agree that public trust is important but public trust is not the sole reason for growth or decline in donation collection in charities. In the next section, results from all empirical studies of this study will be discussed. How does this study answers to the research questions? This will be discussed in the next chapter.

5.4 Discussion

In this section, results presented in sections 5.1, 5.2, and 5.3 will be analyzed, and research questions will be answered. Firstly, three assumptions that were made in literature review and theoretical framework sections will be discussed, and the research question will be answered afterwards.

There are several evidences around the world that public trust in charities has been declining, as discussed in the introduction chapter. A report by European Fundraising association (2017) shows that the number of charity donors has declined by 13% in Finland and 6% in Sweden. Moreover, Burt (2014) suggested that, declining donor number is a clear sign of declining public trust. Thus, it was assumed that the level of public trust in charities in Finland and Sweden is weak.

In the surveys, respondents were asked to rank (1-low trust to 7-high trust) the level of trust they have in charity sector in their respective countries. Median rank was calculated from the responses, and median score for Finland in 5.0 and for Sweden is 4.0. On a scale 1-7, 3.5 would be the midpoint, thus median score 3.5 or below, can be considered weak trust. Both Finland and Sweden have scored more than 3.5, which demonstrates that public trust in Finland and Sweden is not weak. The first assumption "The level of public trust in charities in Finland and Sweden is weak" is therefore not supported by the results. However, it should be noted that the sample size of this thesis is very small, thus sample size of this research should be taken into account while making interpretation of these results.

In the theoretical framework chapter, various determinants of the public trust in charities were discussed. Among many determinants of public trust, Furneaux & Wymer (2015) regarded transparency, accountability and administrative efficiency are among the most important determinants of the trust in charities. Following Furneaux & Wymer (2015), it was assumed that administrative efficiency, accountability, and transparency are the main determinants of public trust in charities. To

examine this assumption, respondents were requested to rank (1- least important, 6-most important) a total of six statements relating to administrative efficiency, accountability, ethical fundraising, proper management, transparency, and no involvement in scandals. The results of surveys from both Finland and Sweden shows that the trust determinants proposed in the given assumption are the most important among others. In Finland, accountability and administrative efficiency were top 2 most important determinants of public trust. Both transparency and ethical fundraising obtained the third rank. In Sweden, Administrative efficiency ranked the first, transparency ranked the second and accountability ranked the third.

As the results supports the presumption that these three trust determinants (Administrative efficiency, accountability, and transparency) are the most important ones, given assumption -"administrative efficiency, accountability, and transparency are the main determinants of public trust in charities" is supported by the results.

From the discussion held in the theoretical framework chapter and following the arguments of Hou et. al (2017), and Putnam (2000), it was presumed that public trust does not have a major effect while donors make donation decision. Whereas, Alhidari et. al (2018) argued that along with public trust, individual's donation to charities is influenced by perceived ability, perceived integrity, perceived benevolence, and individual disposition of trust. Summarizing these contrasting views on the effect of public trust in donation collections, it was assumed that, public trust in charity may influences number and amount of donations, however not significantly. Few questions were asked in both country-level surveys and in organization-level surveys to examine whether the assumption is supported by the opinion of surveyed population or not.

In the country-surveys, respondents were requested to give a score on a scale of 1-7 (1 least important, 7-extremely important) to the statement "How much trust matters for you while making donation decision?" The results show that trust is considered highly important for people in both Finland and Sweden while making donation decision. Median score of both Finland and Sweden is 7.0. This shows that public trust is important while making donation decisions for public.

Question relating to public trust and donation decision was asked in organization level surveys as well. Respondents were given a statement "I decided (to donate/not to donate) because of my trust towards

the charity organization." They were requested to rate (1- strongly disagree to 5- strongly agree) on how much they disagree with the given statement. Median rating of Red Cross-Survey and Greenpeace Finland-survey was 3 (neutral). This result doesn't give a clear answer to the question. If the neutral responses are excluded from the survey and add responses 'agree' and 'strongly agree' together, 46.7 % of respondents from both surveys answered that they agree on the statement. Whereas, if neutral responses are excluded from the survey and disagree and strongly disagree are added together, only 20% respondents of FRC-survey and 36.6% of respondents answered that they agree on the statement.

The median score of public trust survey of both organizations is 6.0. This means that both organizations hold high level of public trust. On the other hand, the trend seen in the data extracted from the annual reports of FRC and Greenpeace Finland is not compatible with the result (high trust) from the survey. Documents shows that donor numbers and donation amount has been raising but general members are declining in Finnish Red Cross. Whereas, donor numbers have been declining but donation amount has been rising in Greenpeace Finland. These results show that two organizations with same level of public trust has different growth trends in donor numbers, donation amount and general members.

In the interviews fundraising managers of both Finnish Red Cross and Greenpeace Finland argued that the decline on numbers of donor/general members is not because of trust. They rather presented 'negative publicity' as the main reason for the decline. Data from all three studies (Survey, document analysis, and interviews) demonstrate that public trust has no major influence in donations in charity organizations. Therefore, the results from empirical studies support the assumption that public trust in charity may influences number and amount of donations, however not significantly.

The research question of this thesis is "How is the situation of public trust in charities in Finland and Sweden?" The answer of this question is not straight forward. Many times in this thesis, it is mentioned that public trust is a multidimensional issue. Therefore, the answer to this question should be answered from different angles. Surveys results shows that the level of public trust in charities in Finland and in Sweden is better than the average but still room for the improvement. Median trust score 4 (out of 7) in Sweden and 5 (out of 7) in Finland shows that many people in Finland and Sweden do not fully trust charity organizations. It is sensible to take this gap seriously as Christensen & Laegreid (2016) argued that 'trust' is contagious. And, of course as both fundraising managers stated "negative publicity" as one of the most affecting factors to the public trust, it is also important to understand why charity

organizations are being attacked with negative publicity? improving the level of trust in charity organizations might help in this case.

In the literature review chapter, it can be seen that the level of trust in other countries' charity sector is facing a decline. It wasn't possible to do comparative analysis of whether the level of trust is decreasing or increasing in Finland and Sweden as no prior studies was found studying public trust in charity sector, in both countries. However, respondents were requested to give their opinions regarding the change in the level of public trust in charities, in recent years. Most of the respondents answered that they have no idea. Less than 20% of respondents of both countries answered that the trust has been declined. This means at least some people feels that the public trust is declining, which certainly isn't the good news.

However, trust for the organization seems to be very important to public. In the question 'how much does trust matters for you while making donation decision?' both Finland and Sweden scored 7.0 (Median) on a scale of 1(low trust) -7(high trust). As discussed in the theoretical framework chapter, public trust is affected by elements such as charities' efficiency, transparency, management, proper spending, role in society etc. in the surveys held in both Finland and Sweden, a Likert scale consisting 13 questions were presented and respondents were requested to rate (1-5) based on how much they agree or disagree in the given statement. The results from both surveys (Finland and Sweden) show that people agree that the role of charity organizations is important in the society and they also believe that charities are making a positive difference to the cause. Majority of respondents agree that charities do ethical fundraising, they are transparent, and act in accordance to the public interest. But when it comes to trustworthiness of big charities, proportion of fund reaching to the end cause, and charities' spending in administration, many people in both countries do not agree that charities are doing good.

Results from the interviews with fundraising managers shows that public trust is not a major concern for charities in Finland. The number of donors has been declining in Greenpeace Finland and number of general members have been declining in Finnish Red Cross, but fundraising managers of both organizations argued that those declines are not because of public trust. They agree that the public trust is important, but they also seem relaxed about the current level of public trust in their organizations. They rather seem disturbed by the spreading negativity in online social networks. Both fundraising managers were hopeful for the future, as they said fundraising is a new culture and people are learning

it. From all this different results it can be interpreted that the situation of public trust in charities is satisfactory but needs a careful consideration.

In this section, results from the empirical study of this thesis were discussed. In the next chapter summary and conclusions of this thesis, and recommendations for charity organizations and scope for further studies will be presented.

6. Summary, conclusions and recommendations

Summary and conclusion

The first chapter of this thesis introduced the issue of public trust. Findings of researches on public trust in public institutions and charities in different countries were presented there. The discussion held there shows that public trust in both public institutions and charities in many countries around the world have suffered due to declining public trust. The first chapter also introduced the Finnish and Swedish charity sector, where the European Fundraising Association's report shows declining donor numbers in both countries.

Existing literatures on public trust in both public and charity organizations were reviewed on the second chapter. Public trust literatures show that, public trust in charities in Australia, England, New Zealand, USA and other countries are experiencing a decline. Considering the probability it was assumed that public trust in charities in Finland and Sweden is weak as well. Review of public trust literature done in the second chapter found that research in public trust in charities in Finland and Sweden is scarce.

The third chapter discussed various aspect of trust and public trust. The theoretical discussion showed that trust has been defined by scholars from different viewpoint and are even conflicting with each other. However, scholars have a consensus to call trust 'fundamentally a physiological state'. The description of trust elements presented by Kwan & Hong (2018) beautifully presents the idea of trust; (i) the risk and uncertainty of the trust decision, (ii) trustor perceived trustworthiness of trustee, and (iii) the decision of trustor to trust trustee. The concept of charity organization is also briefly discussed in this chapter where (Hyndman, 2017a) and (Yang et al., 2014) presented charity sector as a sector

capable to fill the service gap created by public and private sectors. The importance of public trust in charity organizations was also discussed in the third chapter. Public trust in charities is important because public trust simplifies the transactions between charities and their donor, increases public's willingness to donate, donate higher amount and donate for long period, helps charity sector to define its credibility and legitimacy, and helps charities achieve higher moral tone than private or public sector in the eyes of stakeholders. The foundations (General and contextual) of the trust and determinants of public trust in charities were also discussed in the third chapter. Trust is built on various foundations such as prior information, personality of trustor, trust environment in a society, the role (information/gossips) of a third party and category of a trustee. Similarly, the determinants of public trust in charity organizations such as code of conducts the organizations follow, its perceived competences, familiarity, satisfaction, reputation, communication, size, location, scandals, role of media, transparency, accountability and administrative efficiency were also discussed in the third chapter. Furneaux & Wymer (2015) argued that transparency, accountability and administrative efficiency are among the most important determinants of public trust in charities. Following Furneaux & Wymer (2015) it was assumed that transparency, accountability and administrative efficiency are main determinants of public trust in Finland and Sweden as well.

Public trust and its influence on charity organizations' economic growth was also discussed in the third chapter. Many researches show that high level of public helps charities to attract more donors, higher donation amount and loyal donors. However some researches such as Hou et. al (2017) argue that there is no direct impact of trust in giving behavior. From these discussions another assumption was made; public trust in charity may influence number and amount of donations, however not significantly. The pressure that charity organizations are facing because of competitive pressure, unrealistic donors' expectations and misleading reporting of costs by other charities is also discussed as "Non-profit starvation cycle" (Lecy and Searing, 2015) in the third chapter.

In the third chapter issue of measuring public trust in charities is also discussed. Measuring public trust is a challenging task as trust is intangible and multidimensional phenomena. Conducting surveys, getting feedback from donors, analyzing the trend of donor number and amount, utilizing latest technological developments such as Google analytics, in-page analytics etc. were discussed as some of the methods to measure public trust in charities. Last but not the least, the third chapter discussed the issue of maintaining and retaining of public trust in charity organizations. Trust is a sensitive matter,

building trust is hard, breaking it, is easy but retaining broken trust is harder. Different elements that helps to maintain trust such as being careful in spending donor's money, following code of conducts, being transparent, being accountable to public and donors and making sure timely communication was discussed. Similarly, finding the root cause of trust destruction, make a clear denial or apology, and developing a proper crisis handling strategy was discussed as methods to retaining public trust.

In the fourth chapter, research design and methodology were introduced, limitations of the study, details of data collection and analysis was presented. Four different surveys (country-level surveys: Finland and Sweden; Organization-level surveys: Finnish Red Cross society and Greenpeace Finland), review of organizations' annual reports and interviews were conducted as source of data for this research. Descriptive statistics, cross tabulation and ranking was used to analyze the quantitative data whereas interview data was analyzed using content analysis method.

The fifth chapter presented the result of the empirical study of this thesis. From the results presented in the fifth chapter, it can be interpreted that public trust situation in Finland and Sweden, as well as in Finnish Red Cross society and Greenpeace Finland is satisfactory. Therefore, the first assumption "the level of public trust in charities in Finland and Sweden is weak" was not supported by the results. The result showed that there is still room for improving the level of trust in charities in Finland and Sweden, but charities (Finnish Red Cross and Greenpeace Finland) didn't seem to agree that they are currently experiencing public distrust. The results supported the second assumption "Administrative efficiency, accountability, and transparency are the main determinants of public trust in charities". Along with these three, ethical fundraising and no involvement in scandals were also important determinants of public trust in charities.

The results presented in the fifth chapter show that trust in charities is important for donors while making donation decision. Moreover, public trust doesn't not seem to be affecting donation collection in studied charity organizations. As the trend of growth in donor numbers, donation amount and number of general members in two studied organizations do not match with level of trust they scored from the survey, it can be argued that public trust doesn't affect donation collection in charities, at least not significantly. Moreover, the results from interviews with fundraising managers also show that the decline in number of donors or general members is not because of the declining public trust in their organizations. Therefor the third assumption " public trust in charity may influences number and amount of donations, however not significantly" was rejected as well.

From the summary and conclusion presented above three main points can be presented. First, public trust in charity sector in Finland Sweden is in satisfactory level, which also means that there is room for improvements. Second, public trust is important for donors while making donation decisions and administrative efficiency, transparency and accountability are main determinants of their trust towards a charity organization. And the third, public trust is not the sole reason that determines the growth in donation collection in charity organizations.

Recommendations

The issue of public trust has not been discussed in Finland and Sweden as comprehensively as this issue should be discussed. Although the level of public trust in charity sector in Finland and Sweden seems satisfactory, it is recommended for stakeholders (especially management of charity organizations) to study why the sector is not getting a full confidence from public? It is worth remembering that "distrust is contagious trait" (Reimann, Schilke, & Cook, 2017), small amount of distrust may spread and take a bigger shape. Therefore, studying the public trust regularly is beneficial for charity organizations. One of the most important determinants of trust in charities is administrative efficiency, and public seems unsatisfied about charities' spending on administrative expenses, and they think it as an unnecessary diversion of resources. On the other hand, charities need to spend in vital sector such as fundraising, marketing, competence development etc. An effective communication can be a tool to convince people about such spending. It is also recommended to discuss with public, and among charities as well, to set a proper guideline on how much charities can spend in what activities? This may help winning public trust on one hand and ease the pressure of showing low administrative expenses among charities on another.

Suggestions for further research

Despite of a few limitations, this thesis presented a picture of situation of public trust in Finland and Sweden and discussed dimension of public trust in charities in Finnish and Swedish context. This thesis contributes to broaden the public trust studies in Finland and Sweden. However, Public trust is a multidimensional phenomenon and a sensitive matter as well. As trust scholars has agreed that trust is a psychological state, studying human psychology is complex. Therefore, a research on charitable giving

behavior in Finland and Sweden would be a timely research. Scholars such as Cordery et al. (2017) argues that the technological development and wider use of online social networks has affected charity sector as well. The institute for the future (IFTF, 2014) has recognized 'crowd-power' as an upcoming force in philanthropy. Questions have been raised on the future of charity sector as people nowadays can involve in charity individually utilizing social networks. Moreover, the NPM (New Public Management) has put pressure to be more efficient with less budget, and charity funding has changed to contracts from grants (Cordery et al., 2017). Questions such as; 'how can charity sustain from changing environment in this situation?' 'What strategies should charity sector adopt to be able to embrace these changes?' are crucial. Therefore, research on the changing world and the future of charity sector would be beneficial both to charity sector and society at large.

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Appendices

Appendix 1. Street survey questionnaire (Country Survey).

A study of public trust in charity organizations in Finland and Sweden Street survey questionnaire Tampere University

1. **Age:** 18–29 30–45 45+

2. **Have you ever donated to charity organizations?**

I am currently donating I used to donate before Never donated

3. **On a scale from 1-7 how much trust do you have in charities?** 1 2 3 4 5 6 7

4. **On a scale from 1-7 how much does trust matters for you, while making donation decision?**

1 2 3 4 5 6 7

5. **Please rate how much do you agree/disagree with each of the following sentences.**

(1= Strongly disagree, 2= disagree, 3= don't know, 4= agree, 5= strongly agree)

Charities make a positive difference to causes they advocate for. 1 2 3 4 5

Charities ensures ethical and honest fundraising. 1 2 3 4 5

Charities spends Wisely and effectively. 1 2 3 4 5

Charities are well-managed. 1 2 3 4 5

Charities ensures reasonable proportion of donations reaches to the end cause 1 2 3 4 5

Charities are regulated to ensure they act for the public benefit. 1 2 3 4 5

Charities are transparent about their operation. 1 2 3 4 5

Charities spend the funds according to what they promise to donors. 1 2 3 4 5

Charities plays important role in the society. 1 2 3 4 5

Charities spends most of donations in salaries and administration. 1 2 3 4 5

Charities act in accordance with public interests. 1 2 3 4 5

Charities that works locally are more trustful 1 2 3 4 5

Big Charities are more trustful 1 2 3 4 5

6. **What is the most important aspect for you to trust a charity? Please rate (1-6) in the order of importance. 1 for least important and 6 for most important**

- Ensure that most of donations reaches to the end cause and least amount is spend in salaries and administration.
- Use fund in the cause they promised with donors and make a positive difference to the cause they work for.
- Ensure that fundraising is done in ethical and honest manner.
- Ensure that information of their activities is truthful and is easily available to public.
- Be well managed.
- Never involved in scandal or misconduct

Appendix 2. Street survey questionnaire (organization survey)

A study of public trust in charity organizations

Street survey questionnaire

University of Tampere

1. **Age:** 18 – 29 30 – 45 45+

2. Information about Greenpeace

I have heard about Greenpeace before I knew about its mission and activities

Never heard about Greenpeace before

3. Have you donated to Greenpeace?

Yes, I am currently donating I used to donate before Never donated

4. On a scale from 1-7 how much trust do you have in Greenpeace? 1 2 3 4 5 6 7

5. Please rate how much do you agree/disagree with each of the following sentences.
(1= *Strongly disagree*, 2= *disagree*, 3= *don't know*, 4= *agree*, 5= *strongly agree*)

I decided (to donate/not to donate) because of my trust towards Greenpeace. 1 2 3 4 5

Greenpeace has made/ can make positive difference to the cause. 1 2 3 4 5

Greenpeace does ethical and honest fundraising. 1 2 3 4 5

Greenpeace has a mission that is important to public. 1 2 3 4 5

Greenpeace is a transparent and accountable. 1 2 3 4 5

Reasonable portion of donation collected in Greenpeace reaches to the end cause. 1 2 3 4 5

A study of public trust in charity organizations

Street survey questionnaire

University of Tampere

1. **Age:** 18 – 29 30 – 45 45+

2. Information about Finnish Red Cross (FRC)

I have heard about Greenpeace before I knew about its mission and activities

Never heard about Greenpeace before

3. Have you donated to (FRC)?

Yes, I am currently donating I used to donate before Never donated

4. On a scale from 1-7 how much trust do you have in (FRC)? 1 2 3 4 5 6 7

Please rate how much do you agree/disagree with each of the following sentences.
(1= *Strongly disagree*, 2= *disagree*, 3= *don't know*, 4= *agree*, 5= *strongly agree*)

I decided (to donate/not to donate) because of my trust towards FRC. 1 2 3 4 5

FRC has made/ can make positive difference to the cause. 1 2 3 4 5

FRC does ethical and honest fundraising. 1 2 3 4 5

FRC has a mission that is important to public. 1 2 3 4 5

FRC is a transparent and accountable. 1 2 3 4 5

Reasonable portion of donation collected in FRC reaches to the end cause. 1 2 3 4 5

Appendix 3. Content analysis of interview survey

Does the Finnish context match with the global trend?

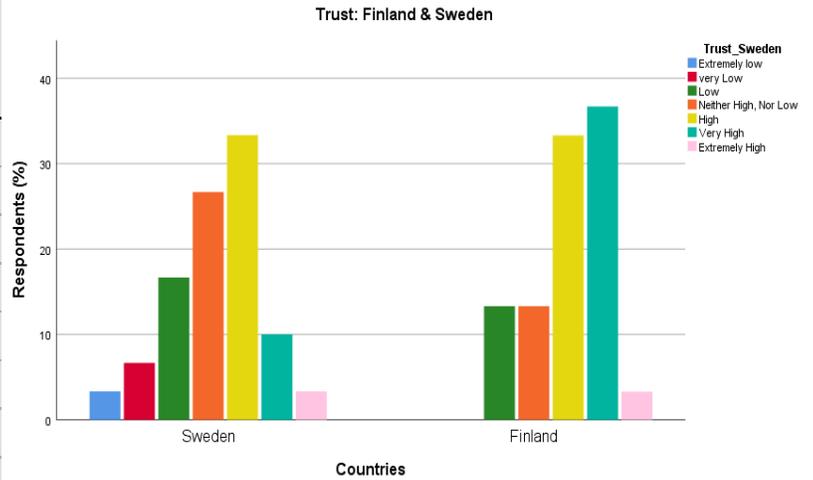
<ul style="list-style-type: none"> - I don't think so - You can't really see it so much in Finland - Had a couple of cases a year ago but they come and go - I really don't think public trust is declining in Finland. - We have very good reputation, we are the top. - They have trust in us. - Asylum seekers came to Finland and we had a good year, there was plenty of money coming - But now 6-7% of thinks negative about Red Cross. - But I don't think those people donated any money - In Fundraising we haven't really noticed - There are diverse opinions about Red Cross 	<p>No major public trust crisis seen in Finland. There was some crisis but then they came and go.</p> <p>We are top organizations with good reputation, and people trust us.</p> <p>After asylum seekers came, we have some people who thinks negatively.</p> <p>People having negative opinions don't actually donate</p> <p>There is diverse response about Red Cross.</p>	<p>There is no public distrust towards charities in Red Cross and Finland.</p> <p>There are some negative people, but they never think about donating us anyway</p>
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Membership in Red cross is declining what do you think the reason is?

<ul style="list-style-type: none"> - It is something else, membership is coming down in every organization. - It is quite difficult to get more members - They don't want to be just members they want to do something - Not all volunteers are members - It's a good point, and we haven't thought from that point, but I don't think it's because of public trust. There are organizations which studies public trust and they have concluded the trust been the same. 	<p>Declining membership does not mean declining trust.</p> <p>They don't want to be members.</p> <p>Some studies have shown that public trust hasn't declined in Red cross</p>	<p>People are not willing to be members but that does not mean declining public trust.</p> <p>There is evidence that public trust has not declined in Red Cross</p>
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Appendix 4. Public trust in charity sectors of Finland and Sweden

	Finland		Sweden	
	%	No.	%	No.
1 (Extremely low)	0	0	3.3	1
2	0	0	6.7	2
3	13.3	4	16.7	5
4	13.3	4	26.7	8
5	33.3	10	33.3	10
6	36.7	11	10.0	3
7 (Extremely High)	3.3	1	3.3	1
Total	100	30	100.0	30
Median	5.0		4.0	



Appendix 5. Donation status and level of trust (Finland and Sweden)

Trust * Donated Crosstabulation (Finland)

N=30		Extremely low	Very Low	Low	Neither High, Nor Low	High	Very High	Extremely High	Total
Donated	Non-Donor	0	0	1	2	1	3	0	7
	Past-Donor	0	0	3	1	4	1	0	9
	Donor	0	0	0	1	5	7	1	14
Total		0	0	4	4	10	11	1	30

Trust * Donated Crosstabulation (Sweden)

N=30		Extremely low	very Low	Low	Neither High, Nor Low	High	Very High	Extremely High	Total
Donated	Non-Donor	0	1	3	3	1	0	1	9
	Past Donor	0	1	2	1	3	0	0	7
	Donor	1	0	0	4	6	3	0	14
Total		1	2	5	8	10	3	1	30

Appendix 6. change in the level of trust in Finland and Sweden

Do you think the level of trust has changed in recent years?

	Finland		Sweden	
	No.	Percent	No.	Percent
it has decreased	6	20.0	5	16.7
Don't Know	15	50.0	11	36.7
It's same	3	10.0	8	26.7
It has increased	6	20.0	6	20.0
Total	30	100.0	30	100.0

Appendix 7. Importance of trust in making donation decisions

On a scale of 1-7 how much does trust matters for you, while making donation decision?

	Finland		Sweden
	No.	Percent	No.
1 (Extremely unimportant)	0	0.0	0
2	1	3.3	0
3	0	0.0	1
4	2	6.7	0
5	4	13.3	1
6	7	23.3	7
7 (Extremely important)	16	53.3	21
Total	30	100.0	30
Median	7.00		7.00

Appendix 8. The most important aspects to trust charities

	Mean Rank		Mean Rank	
	Finland	Sweden	Finland	Sweden
Administrative Efficiency	Rank 5 3.87	Rank 6 4.10		
Accountability	Rank 6 4.63	Rank 4 3.87		
Ethical Fundraising	Rank 4 3.63	Rank 3 3.70		
Transparency	Rank 4 3.63	Rank 5 3.90		
Proper management	Rank 2 2.80	Rank 1 2.20		
No involvement in scandals	Rank 1 2.43	Rank 2 3.23		

Appendix 9. Respondents' opinion on various trust building factors (Finland)

N=30				MEDIAN
	Disagree (Strongly Disagree & Disagree)	Neither agree, nor disagree	Agree (Agree & Extremely agree)	
Charities make a positive Difference to causes they advocate for	10.0%	20.0%	70.0%	4.00
Charities Ensures Ethical and honest fundraising	13.3%	23.3%	63.3%	4.00
Charities spends wisely and efficiently	20%	40.0%	40%	3.00
Charities are well managed	20.0%	46.7%	33.4%	3.00
Reasonable portion of donations reaches to end cause	20.0%	43.3%	36.7%	3.00
Regulated to ensure they act for public benefit	6.7%	30.0%	63.3%	4.00
Charities are transparent about their operation	16.7%	26.7%	56.7%	4.00
Spends funds according to what they promised for	16.7%	36.7%	46.7%	3.00
Plays important roles in society	6.7%	6.7%	86.6%	5.00
Spends most of donations in salaries and administration	33.3%	40.0%	26.6%	3.00
Acts in accordance with public interest	0.0%	36.7%	63.3%	4.00
Charities that works locally are more trustful	20%	23.3%	56.7%	4.00
Big charities are more trustful	46.6%	23.3%	30.0%	3.00

Appendix 10. Respondents' opinion on various trust building factors (Sweden)

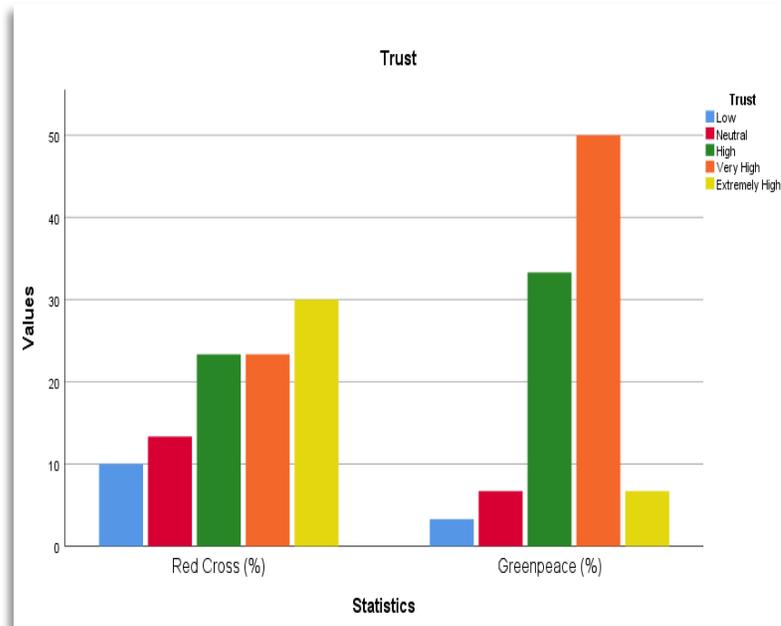
N=30	Disagree (Strongly Disagree & Disagree)	Neither agree, nor disagree	Agree (Agree & Strongly Agree)	Median
Charities make a positive Difference to causes they advocate for	26.6%	10.0%	63.3%	4.00
Charities Ensures Ethical and honest fundraising	20%	43.3%	36.6%	3.00
Charities spends wisely and efficiently	40%	40.0%	20%	3.00
Charities are well managed	30%	56.7%	13.3%	3.00
Reasonable portion of donations reaches to end cause	46.7%	33.3%	20%	3.00
Regulated to ensure they act for public benefit	43.4%	26.7%	30%	3.00
Charities are transparent about their operation	43.3%	26.7%	30%	3.00
Spends funds according to what they promised for	33.4%	43.3%	23.4%	3.00
Plays important roles in society	16.7%	16.7%	66.7%	4.00
Spends most of donations in salaries and administration	23.4%	33.3%	43.3%	3.00
Acts in accordance with public interest	33.4%	30.0%	36.7%	3.00
Charities that works locally are more trustful	10.0%	30.0%	60.0%	4.00
Big charities are more trustful	46.7%	33.3%	20.0%	3.00

Appendix 11. Trust in Finnish Red Cross and Greenpeace Finland

Trust

N=30

	Red Cross	Greenpeace
1 Extremely Low	0	0
2	0	0
3	3	1
4	4	2
5	7	10
6	7	15
7	9	2
Total	30	30
Median	6.00	6.00



Appendix 12. 'Trust' as reason for donation decision

Decided to donate/not to donated because of trust

N=30

	Finnish Red Cross	Greenpeace Finland
1 Strongly Disagree	3	7
2 Disagree	3	4
3 Neither agree, nor disagree	10	5
4 Agree	6	9
5 Strongly Agree	8	5
Total	30	30
Median	3.00	3.00

Appendix 13. Respondents' opinion on various trust building factors (Finnish Red Cross)

Likert Scale FRC N=30	Disagree (Extremely Disagree & Disagree)	Neither agree, nor disagree	Agree (Agree and Extremely Agree)	Median
Red Cross can make positive Change	16.7%	10.0%	73.3%	4.0
Red Cross does ethical fundraising	10.0%	16.7%	73.3%	4.0
Red Cross has mission Imp. To public	6.7%	3.3%	90%	5.0
Red Cross Is transparent & Accountable	20.0%	40.0%	40%	3.0
Reasonable portion of donation reach end cause	33.3%	23.3%	43.4%	3.0

Appendix 14. Respondents' opinion on various trust building factors (Greenpeace Finland)

N=30	Disagree (Strongly Disagree & Disagree)	Neither agree, nor disagree	Agree (Agree & Extremely Agree)	Median
Greenpeace Can make positive Change.	6.7%	3.3%	90%	4.0
Greenpeace does ethical fundraising	6.7%	13.3%	80%	4.0
Greenpeace has mission important to public	0.0%	3.3%	93.7%	5.0
Greenpeace is transparent and accountable	0.0%	20.0%	80%	4.0
Reasonable proportion of fund reach to end cause	6.7%	50.0%	43.3%	3.0