

CHARITIES ARE UNDERESTIMATING THE IMPORTANCE OF TRUST. THAT'S A PROBLEM.

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The public trust problem is not confined to charities

A growing mistrust and scepticism of organisations, experts and leaders has become a defining feature of recent times, causing many to question established truths that they've traditionally held dear. Against a backdrop of increasing volumes of data and commentary, amplified by social media, and the rise of 'fake news', it has become much harder for the public to both know who the experts are and to trust them to get things right. This directly impacts many charities that are themselves experts in their field and rely on the public to listen to and respond to their advice. In an increasingly digitalised world, there's a sense that it is harder to gain and retain trust. There are growing concerns among CEOs about the impact of social media on the level of trust in their industry.

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The questioning of experts is underpinned by a pervading sense that many actors are driven by hidden or ulterior motives, perhaps making some people less willing to trust organisations and their leaders. The Edelman Trust Barometer 2017 finds that 60% of the UK public think 'the system' is failing.¹ This is defined as feeling a sense of injustice, a lack of hope and confidence and a desire for change. There is an emerging view that everyone from politicians, to businesses to charities need to do more to explain what they do and how it benefits both individuals and wider society.

But charities face distinct challenges when it comes to trust

The charity sector has seen a number of high profile failures of trust, from individual governance failures, to broader questions over the sector's fundraising practices. Public polling for the Charity Commission showed that the overall level of trust and confidence in charities fell from 6.7 out of 10 in 2012 and 2014 to 5.7 in 2016.² This is a trend that is also reflected in the Edelman Trust Barometer 2017.³ Meanwhile other studies suggest that trust is bouncing back.⁴

In many ways charities have an advantage over other organisations in terms of their status, history and 'public benefit' requirement. But on the flipside to that, there is a public expectation that they should be subject to a higher moral scrutiny than corporate organisations. And with historic levels of trust in the sector high, charities potentially have further to fall and may find it more difficult to regain trust once it is lost. There is little doubt that scrutiny of charities is increasing. The onus is on them to ensure that they are compliant and demonstrate their societal contribution and impact. Charities, individually and as a sector, need to face head-on the new tailwinds of

¹ Edelman Trust Barometer, 2017, <http://www.edelman.com/global-results/>

² Charity Commission (2016) *Public trust and confidence in charities*.

³ *Op cit*.

⁴ nfpSynergy (2016) *Trust in Charities Research—Autumn 2016 update*.

a changing society and economy. They must consider how they can win hearts and minds and demonstrate their societal impact and benefit to the public.

Trust should matter to charities more than it currently does

Trust is often an overlooked asset for charities. For many organisations, trust can typically only come on the agenda when things are going wrong. NPC's State of the Sector research report *Charities taking charge* shows that nearly a third of charity leaders think a loss of trust in the sector would have no effect on their organisation. The research also finds a narrow association between trust and fundraising rather than taking a more holistic view to trust.

But trust matters deeply to people, and so it should matter to the organisations that serve them. Trust is considered a fundamental prerequisite of effective human interaction and meaningful, constructive relationships. It is the 'glue' that binds society and the economy together. There is a clear need for all organisations to take a broader view of trust. While those charities that rely on fundraising may feel that they need to be more concerned with public trust than a philanthropic foundation, for example, trust impacts a charity in many ways. For example, people's trust in an organisation can fundamentally shape their behaviour and actions towards it. This can include trusting an organisation with your data and personal information, being more willing to collaborate and engage, and listening and acting on advice and expertise.

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Trust is a powerful asset for organisations in four specific ways⁵:

- trust drives performance;
- trust allows organisations to be true to themselves;
- trust can help win round stakeholder scepticism; and
- trust can put organisations on the front foot in a crisis that will inevitably happen at some point, positioning them in a better place to recover.

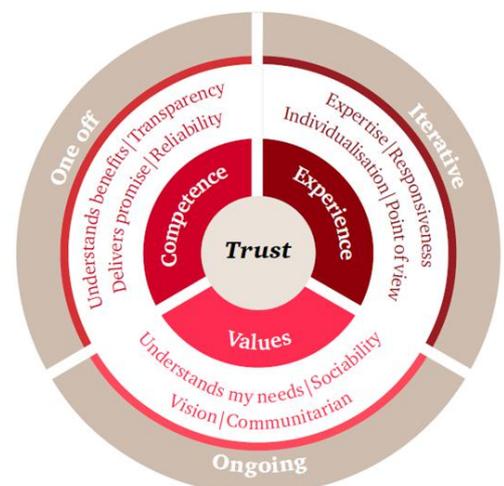
All four of these should resonate with charities as they seek to deliver greater impact in line with their values and ethos.

How charities can measure public trust

Many assume that trust is intangible and for this reason discussions on trust can often become unwieldy. However, at PwC we have developed a Trustworthy Organisation Model (Figure 1) that measures trust holistically from multiple stakeholder perspectives. The model defines trust as comprising three dimensions, which are each underwritten by four 'trust drivers' associated with specific organisational behaviours that influence trust. These are:

- **Competence:** Does the organisation do what it says it will do? This includes the extent to which a stakeholder understands how the organisation benefits them and the public, reliability,

Figure 1: The PwC Trustworthy Organisation Model



⁵ See PwC (2015) *Understanding the value and drivers of organisational trust*.

transparency and whether the organisation delivers on its promise.

- **Experience:** Does the organisation consistently meet expectations? This includes demonstrating expertise, responsiveness, whether an organisation treats people as individuals, and the extent to which stakeholders under an organisation's point of view.
- **Values:** Do the organisation and its stakeholders share common values? This includes whether the organisation understands stakeholder needs, the extent to which an organisation is perceived to care about its impact on society as a whole, stakeholder perceptions of the vision of the organisation, and the extent to which an organisation is seen to put stakeholder interests before its own.

While each of these three dimensions is important, there will be differing levels of focus in different sectors. For example, by applying our model across 200+ major brands, we found that leading brands in the global Technology, Retail and Automotive sectors have high levels of Values trust but varying levels of Experience trust.⁶ For charities, different aspects may come to the fore depending on the stakeholder group—while Values may be important to funders, Competence and Experience may be more important to beneficiaries.

By considering each of these aspects of trust, charities can take steps to address their potential vulnerabilities and put in place plans to proactively build trust with stakeholders.

How charities can *strengthen* public trust

There are a number of areas in which charities can demonstrate their societal impact and benefit in order to build trust with the public. Drawing on our Trustworthy Organisation Model, our work with a wide range of charities and our annual Building Public Trust Awards⁷, we think charities should focus on:

- **Nurturing authenticity:** Charities should engage with their stakeholders and the public in an authentic way, giving credibility to their purpose and bringing their personality to the fore. This allows people to connect with them at an individual level. Ultimately, trustworthy behaviour cannot be faked in the longer term, and consistent positive engagement is a key element to building trust with the public over time.
- **Communicating with 'one voice':** Charities should ensure that throughout their engagement and communication with the public, they speak with 'one voice'. This will help ensure that a charity's message breaks through the noise and also creates a clearer sense of confidence that a charity is aligned behind its charitable objectives.
- **Engaging in radical transparency:** Transparency is a critical enabler of trust and charities should demonstrate their willingness to be open about their operations, impact and priorities. This includes being honest about where things have not gone to plan, as well as what the charity has achieved.
- **Considering total organisational impact:** Charities need to consider the impact of their organisation in the widest sense, not just in terms of core services they deliver. And they must demonstrate that they act in a way that is fair and responsible. This means questioning, for example: are you leading by example when it comes to how you treat your employees and engage with suppliers? Can you measure and communicate your social benefit? As Mike Adamson, Chief Executive of British Red Cross, commented in his acceptance of a PwC Building Public Trust Award, *'One of the real challenges I think we have in the charity sector is how do we capture and build an evidence base about the outcomes and the impact that we're having against the resources and decide where to spend that marginal pound'*. We have applied our Total Impact Measurement and Management approach to a number of charities to help them clearly demonstrate their total impact⁸.

⁶ Ogilvy & PwC (2016) *Earned Influence Index*.

⁷ For more on the Building Public Trust Awards see: www.pwc.co.uk/build-public-trust/the-building-public-trust-in-corporate-reporting-awards.html

⁸ See for example, *Creating social value and building social capital* (2016), a PwC report prepared for St Giles Trust.

- **Ensuring relevance during times of change:** Proactive engagement with the public can help shape a charity's evolution through times of change and help ensure continued legitimacy. The focus of engagement is often with 'service users'. Yet broader engagement with the public will bring a greater diversity of views. And it will help develop shared values with the wider community in which the charity operates.
- **Developing trust ecosystems:** While there is much an individual organisation can do to build public trust, charities need to recognise that they form part of a wider interconnected and interdependent ecosystem. This ecosystem includes government and the public sector, regulators, businesses, as well as communities and individuals. Charities must consider what role they can play in helping bridge the wider trust gap in society. This includes investing in relationships, working in partnership and collaborating with others to share expertise and build capacity.

Trust is precious and fragile, so building and maintaining trust with the public needs to be at the heart of any charity's strategy and operations. Just as businesses are considering their wider societal impact and purpose, charities too need to consider their impact and the relevance of their actions. It is the *raison d'être* of the sector, and charities should be leading the way in terms of measuring and demonstrating their impact and outcomes both to make decisions for themselves and to deliver outcomes for the people they serve and the wider public. Engaging with the public proactively, communicating clearly and authentically. Considering your total impact will not only help in times of crisis, but also form critical building blocks to continued success.

[This essay is part of a series on transformation from the boldest voices in the sector.](#)

About the authors



Jill Halford is a PwC director working with charities and not-for-profit organisations. Her work includes external and internal audits, wider assurance and advisory work including governance reviews. She leads the PwC Building Public Trust Charity Award and the PwC Charity Technical Team. She is the treasurer of Association for Chief Executives for Voluntary Organisations (ACEVO), Seacology UK and is an independent member of the Finance and Audit Committee for the School for Social Entrepreneurs.



Neil Sherlock CBE is a PwC partner and leads on the firm's reputational strategy as well as Brexit. Before joining PwC Neil served in the Conservative-Liberal Democrat Coalition Government as a special adviser to Nick Clegg (Deputy Prime Minister). He has had a number of public roles including being a member of government reviews into access to the professions, charitable giving and volunteering. Neil chaired the charity Working Families, is a trustee of the think tank Demos and serves on the Advisory Board of NPC.

TRANSFORMING THE CHARITY SECTOR

NPC is a charity think tank and consultancy. Over the past 15 years we have worked with charities, funders, philanthropists and others, supporting them to deliver the greatest possible impact for the causes and beneficiaries they exist to serve.

NPC occupies a unique position at the nexus between charities and funders. We are driven by the values and mission of the charity sector, to which we bring the rigour, clarity and analysis needed to better achieve the outcomes we all seek. We also share the motivations and passion of funders, to which we bring our expertise, experience and track record of success.

Increasing the impact of charities: NPC exists to make charities and social enterprises more successful in achieving their missions. Through rigorous analysis, practical advice and innovative thinking, we make charities' money and energy go further, and help them to achieve the greatest impact.

Increasing the impact of funders: NPC's role is to make funders more successful too. We share the passion funders have for helping charities and changing people's lives. We understand their motivations and their objectives, and we know that giving is more rewarding if it achieves the greatest impact it can.

Strengthening the partnership between charities and funders: NPC's mission is also to bring the two sides of the funding equation together, improving understanding and enhancing their combined impact. We can help funders and those they fund to connect and transform the way they work together to achieve their vision.

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