Abstract
This research aims at explaining the donors’ trust in the charity organizations within the context of an emerging charity sector. Such knowledge would help these organizations influence donor trust and participation. Four key factors were identified and used to propose a model of donor trust: organization’s reputation, donor’s familiarity with the charity sector, donor’s perception of the organization’s opportunism and donor’s perception of the organization’s communication effectiveness. The model is tested in an emerging charity sector in a Latin American country, Chile. Three factors have a direct effect on donor trust, whereas one factor, communication effectiveness, has only an indirect effect through its influence on the organization’s reputation and donor’s familiarity with the sector. While organization’s reputation and donor’s familiarity with the sector influence donor trust positively, perceived opportunism impacts upon it negatively. The comprehensive and, at the same time, parsimonious donor-trust model that is contributed in this study helps explain how donor trust is generated, kept and enhanced.
1. Introduction

Donor trust is essential for a charity organization work (Herzlinger, 1996). Influencing donor trust, however, may be neither an easy task, in managerial terms, nor a clear proposal, in terms of understanding why and how it occurs. In addition, when such task and proposal are considered in an emerging charity sector, the problem may become intractable if not perplexing.

While nonprofit charity or social welfare organizations are customary in developed countries such as the US, they are new, though emerging in developing countries, such as Chile. Key numbers can help understand the distance. There are approximately 918,119 active nonprofit charitable organizations in the USA (Arnsberger, 2007), whereas about 20,000 similar organizations are active in Chile (Irarrázaval et al., 2006). Similarly, there are 190,000 registered charity organizations in Great Britain (Charity Commission, 2008). The ratio of inhabitants per organization in each country is as following: 327 in the USA, 284 in the UK and 850 in Chile. Despite such disparity, the number of non-profit organizations, in general, and donor organizations, in particular, is growing fast in Chile. Non-profit organizations doubled in Chile between 1990 and 2000 (Chavarri and Teixido, 2001), whereas the growth was slower in neighboring countries (Irarrázaval et al., 2006). Thus, our concern is to understand how such organizations can influence donor trust to maintain steady growth.

This study aims at explaining donor trust in an emerging charity sector and, by doing so, understanding how charity organizations can influence donor trust and consequently donor participation. Based on the literature, several factors can be identified. Yet, only key factors, the ones that have explanatory power, are examined in this paper. First, four factors are documented based on the literature addressing charity and voluntary service. The factors are organization’s reputation, donor’s familiarity with the charity sector, donor’s perception of organization’s opportunism and donor’s perception of the effectiveness of the organization’s communication. A model of donor trust attempting a comprehensive and, at the same time, parsimonious explanatory understanding is developed, and testing hypotheses regarding the impact of those key factors on donor trust are derived. Next, the methodology section, including the research measures, sample and analytical methods, is presented. Finally, the results, discussions and conclusions of the study are presented followed by the implications of the findings for both further research and practice.

2. Literature Review

2.1. Donor trust

Trust is thought about as a key condition in the long-term development of relationships between people (Spekman, 1988; Ganesan, 1994). It is valued as a powerful tool in commercial relationships, particularly in firm-to-firm and firm-to-customer marketing and business relationships (Berry, 1996; Morgan and Hunt, 1994; Moorman, Deshpandé and Zaltman, 1993). It is considered necessary for one’s actions to be beneficial to the welfare of another (Peppers and Rogers, 2004) and for reducing uncertainty and risk in people’s relationships (Doney and Cannon, 1997), particularly
when an interrelating actor is judged to be weaker or more vulnerable, such as when ‘weaker’ partners relate to ‘stronger’ partners (Hawes, Mast and Swan, 1989).

The general notion of trust rests on “a party’s expectation that another party desires co-ordination” (Dwyer, Schurr and Oh, 1987). A person who trusts “will fulfill obligations” and, at the same time, “will pull weight in the relationship” (Dwyer, Schurr and Oh, 1987). The existence of trust depends on one party’s confidence in the other party and on “the belief that its actions are in the best interest and will produce positive outcomes for the trusting party” (Peppers and Rogers, 2004, p. 43).

Donor trust seems to reflect all those conditions in the relationship between the donor and the recipient organization, to which it adds a sense of determination, urgency and perishability in the participation of the donor. The donor helps the charity organization fulfill its noble aims with respect to the targeted community of beneficiaries. The donor does not relate directly to the ultimate beneficiary. Instead, the donor relates to an intermediary, the nonprofit organization. In such context, donor trust seems to acquire greater importance for both the establishment and the effectiveness of the relationship (Rothschild, 1979; Sargeant and Lee, 2002a; MacMillan et al., 2005).

The level of donor trust would not only affect the repeated donation and the increase in the donation amounts (Burnett, 2002; Sargeant and Lee, 2002a), but also the donor’s believe that the funds will be used appropriately by the recipient organization (Ritchie, Swami and Weinberg, 1998; Stride, 2006) in support of the organization’s legal and moral obligations (Sargeant and Lee, 2002b). At the outset, donor trust reflects charity organization’s legitimacy and credibility, a condition that is often required by regulators, supporters, media organizations and the public in general in order to continue valuing the organization’s social and moral role (Sargeant and Lee, 2004). Charity organizations engender trust on the basis of their own social image and promote economic efficiency by broadening social trust (Fukuyama, 1995). A lack of legitimacy and credibility of a charity organization would certainly defeat its purpose and, consequently, justify its demise (Herzlinger, 1996).

Yet, what are the conditions that can help securing a charity organization’s legitimacy and credibility for a donor to willingly participate in the voluntary process? In other words, what are the antecedents of donor’s trust in the charity organization?

2.2. Antecedents of trust

Four antecedents of trust have been acknowledged, separately or in association, as key factors of trust in the literature: organization’s reputation, donor’s familiarity with the charity sector, donor’s perception of the organization’s opportunism and donor’s perception of the organization’s communication effectiveness.

2.2.1. Reputation of the organization

Reputation is defined as people’s perceptions of an organization’s honesty and concern for its stakeholders (Doney and Cannon, 1997). As such, it is a subjective judgment of firm’s performance on the basis of own experiences with the provider or
third-party information (Fombrun and Shanley, 1990). Granovetter (1985) believes that reputation is the result of interactions occurring in social networks which share and broadcast information regarding a variety of topics including what companies do.

Whereas some authors treat reputation and corporate image as interchangeable concepts (Gotsi and Wilson, 2001), other authors point out some key differences. Bennett and Gabriel (2001) compare an image that can be created quickly with a reputation that evolves and takes time. Consequently, reputation can serve as an estimator of an organization’s capability to perform consistently in a period of time (Herbig and Milewicz, 1995).

Company reputation is important because it signals new potential customers and contributes to long-term relationships with customers (Anderson and Weitz, 1989), with positive effects on purchase intention (Yoon, Guffey and Kijewski, 1993), customer loyalty (Saxton, 1998) and sustenance to adverse advertising (Fombrun and Shanley, 1990). More specifically, reputation is crucial for voluntary sector organizations to attract donors (Bennett and Gabriel, 2003).

The role of reputation on trust has been studied in various contexts. A positive reputation favorably affects consumer’s trust on the product’s company (Doney and Cannon, 1997; Ganesan, 1994; Selnes, 1998), by emphasizing fulfilled past promises on the part of the firm (Kim, Ferrin and Rao, 2008). A good reputation affects both the beginning of a relationship (Einwiller, 2003) and the continuation of an established relationship (Anderson and Weitz, 1989). A charity organization needs reputation to stimulate the trust of donors and other stakeholders (Bennet and Gabriel, 2003).

Thus, the following hypothesis was formulated:

H1: The better the charity organization’s reputation, the higher the donor’s trust on the organization.

2.2.2. Donor’s familiarity with the charity sector

Familiarity relates to the experience and the knowledge of a brand, product or organization. It results from the users’ accumulation of related experiences as consumers or players in other interactions (Hoch and Deighton, 1989; Alba and Hutchinson, 1987). It also results from the users’ accumulation of knowledge regarding the industry and the product (Coulter and Coulter, 2003), notwithstanding the consumers’ exposure to the product and brand information (Baker et al., 1986). Yet, both objective and subjective knowledge have to be studied in order to capture a more complete understanding of this dimension of familiarity (Lichtenstein and Fischhoff, 1977).

Experience and knowledge are included in the definition of familiarity by other authors (Gefen, 2000) based on the assumption that familiarity involves understanding of something on the basis of past interactions, experiences and learning. In a charity sector, familiarity with the sector is strongly related to the donor’s knowledge of a charity organization’s work and actions pertaining to the organization’s social role (Sargeant and Lee, 2002a).
The role of familiarity on trust has been studied in commercial contexts (Ring and Van de Ven, 1994; Jennings et al., 2000). Familiarity is a requirement in the pursuance of trust (Luhman, 1979; Noteboom, 1996). A greater consumer knowledge of provider’s services increases consumer’s trust on the provider (Garbarino and Johnson, 1999; Gremler, Gwinner and Brown, 2001; Komiak and Benbasat, 2006). More specifically, familiarity with charity organizations is related to donor’s trust on the recipient organization (Sargeant and Lee, 2002a; Saxton, 1995).

Thus, the following hypothesis was formulated:

H2: The higher a donor’s familiarity with charity organizations, the higher the donor’s trust on the recipient organization.

2.2.3. Perceived opportunism

Opportunism reflects behaviors of people seeking advantages in disregard of the interest of others (Williamson, 1981), or at the expense of other people’s interests (Wahtne and Heide, 2000), which deepens interpersonal conflicts of interest (Williams, 2007), particularly when there are violations of promises made either implicitly or explicitly as part of a job function or a commitment (John, 1984). In essence, opportunism reflects egoism or own self-interest. According to the egoism doctrine, “all of one’s actions either are or ought to be self-directed” (Reese, 1999, p. 193).

Charity organizations become opportunistic when seeking advantages from donors or other stakeholders in disregard of the interests or concerns of the latter. For instance, organizations become opportunistic when collecting money from donors in order to spend them for personal benefits, as opposed to the stakeholders’ benefits or when collecting money for proclaimed intentions that are not the organization’s true intentions, even when the use of such funds would stay within the organization.

In addition, opportunism is strongly related to deceptive behaviors such as hiding, revealing only incomplete or distorted information, consciously leading others to errors, covering up others or confusing others (Romar, 2004). Of course, some authors consider such behaviors normal or just reflective of the human nature (Ting, Chen and Bartholomew, 2007).

Egoism limits the possibilities of establishing trust relationships between two or more people in various activities (Wakefield, Stocks and Wilder, 2004). Previous research shows evidence that an opportunistic behavior has a negative effect on trust (Carter and Kauffmann, 2007; Dwyer, Schurr and Oh, 1987; Morgan and Hunt, 1994; Ring and Van de Ven, 1992, 1994; Sabel, 1993). Similarly, a tolerance for opportunism significantly impacts on trust in relationships that take place in the charity sector (MacMillan et al., 2005; Sargeant and Lee, 2004).

Consequently, the following hypothesis is considered:

H3: The higher the donor’s perception that the charity organization is opportunistic, the lower the donor’s trust on the organization.
2.2.4. Perceived communication effectiveness

Communication is related to formal and informal information sharing between exchange partners (Anderson and Narus, 1990), such as between the donor and the charity organization. For communication to be effective, it needs to be suitable and periodic (Coote, Forrest and Tam, 2003; Goodman and Dion, 2001).

Communication seems to relate to trust but only indirectly (Anderson and Narus, 1990; Jarvenpaa, Tractinsky and Vitale, 2000; Morgan and Hunt, 1994; Moorman, Zaltman and Deshpande, 1992) mainly because it is an important vehicle to establish relationships and make them effective (Mohr, Fisher and Nevin, 1996). Whereas familiarity, opportunism and reputation are sensibilities, communication is action and involves delivery systems or methodologies by which information is transmitted.

Communication seems to play a role in how donors receive the charity organization’s pledge and in how they respond to it (Burlingame, 1997; Sargeant and Lee, 2004). The perceived quality of communication may have an impact on a donor’s giving (Greenfield, 1996). On the one side, the quality of information that is communicated to the donor (Greenfield, 1996) seems to reflect the organization’s reputation. Moreover, Boulding et al. (1993) believe that information accumulation regarding a firm results in the firm’s reputation, whereas Bennett and Gabriel (2003) point out that marketing communication is required to form an image and a reputation, and Zivnuska (2004) proposes that communication consistency and style directly influence a company’s reputation. On the other side, a donor’s response to a pledge seems to be associated to his/her knowledge of a charity organization (Yang and Grunig, 2005).

Thus, the following hypotheses are proposed regarding the role of perceived communication effectiveness:

H4: The higher the donor’s perception of effectiveness in the communication established between a donor and a charity organization, the better the organization’s reputation.

H5: The higher the donor’s perception of effectiveness in the communication established between a donor and a charity organization, the higher the donor’s familiarity with the charity sector.

3. Methods

3.1. Measurement

The key antecedents of donor’s trust were identified based on the literature, expert panels, and focus groups using actual donors to voluntary organizations. The measures for each antecedent consisted of three off-the-shelf indicators, which were rated on a seven-point Likert scale, ranging from one (strongly disagree) to seven (strongly agree). To measure trust, similar items to the ones used by Garbarino and Johnson (1999), and Sharma and Patterson (1999) were adopted. To measure reputation, items used by Nguyen and LeBlanc (2001), and Jarvenpaa, Tractinsky and Saarinen (1999) were
used. The measure of donor’s familiarity with the sector is based on two items taken from Gursoy (2001), and one item from Dick, Jain and Richardson (1995). To measure opportunism, items that reflect a donor’s perception of an organization’s opportunism were adapted from Chiou and Shen (2006), and Delerue-Vidot (2006). Finally, for the communication measure, items were adapted from Sharma and Patterson (1999), and Sargeant, Ford and West (2006) in order to know the donor’s perception of the quality of information and materials provided by the organization (Sargeant, Ford and West, 2006). These measures were pre-tested with expert panels and as part of focus group sessions. The feedback gained and the application of depuration procedures recommended by De Wulf and Odekerken-Schröder (2003) resulted in the re-phrased items used in the questionnaire. Double-back translation was used to deal with cross-cultural language differences. Appendix A shows the items used.

3.2. Sample

The sample frame was stratified according to the socio-economic group. Following the definition of socio-economic strata in Chile by Adimark (2000), 300 potential respondents were assigned in high class (41%), intermediate class (39%) and low class (20%). The resulting quota sample consisted of 299 individual donors to charity organizations in the city of Greater Santiago de Chile. Potential respondents were intercepted in public places such as malls, hospitals and train stations.

In order to be considered a donor, the potential candidate had to demonstrate that he or she had donated to charity organizations repeatedly in a minimum period of a year, either as a member or nonmember of a charity organization. A large majority of people interviewed were members of charity organizations (71.9%), and they donated in response to a civil duty (79.6%) or personal satisfaction (20.4%). Overall, 60% of the sample donated to the same organization in the period between a year and six years, whereas 40% did it for more than six years.

Demographically, 71.2% were women, 25.4% were below 30 years old, 17.4% were between 31 and 40 years, 29.9% were between 41 and 50 years old, and 27.3% were above 50 years of age. Also, 52.5% received an annual income up to US $ 36,000, while 47.5% enjoyed a higher income.

3.3. Dimensionality, reliability and construct

3.3.1. Analysis of dimensionality

An exploratory examination was based on common factor analysis using principal components and Varimax rotation (Hair et al., 1998). The results of this analysis identified five factors: donor trust, organization’s reputation, donor’s familiarity with the sector, organization’s opportunism and communication effectiveness with a total explained variance of 75% (see Table 1), and showed correct values of KMO and the Barlett sphericity test, confirming that each factor is unidimensional.
Table 1: Exploratory Factor Analysis

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Factor Loading</th>
<th>Variance Explained (%)</th>
<th>Eigenvalue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Familiarity</td>
<td>Fam2</td>
<td>0.906</td>
<td>16.595</td>
<td>2.489</td>
</tr>
<tr>
<td>Fam1</td>
<td>0.866</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fam3</td>
<td>0.846</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Communication</td>
<td>Comm2</td>
<td>0.866</td>
<td>16.403</td>
<td>2.460</td>
</tr>
<tr>
<td>Comm3</td>
<td>0.832</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comm1</td>
<td>0.821</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td>Rep3</td>
<td>0.844</td>
<td>15.729</td>
<td>2.359</td>
</tr>
<tr>
<td>Rep1</td>
<td>0.840</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rep2</td>
<td>0.735</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunism</td>
<td>Opp2</td>
<td>0.871</td>
<td>15.045</td>
<td>2.257</td>
</tr>
<tr>
<td>Opp3</td>
<td>0.816</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opp1</td>
<td>0.785</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust</td>
<td>Tru2</td>
<td>0.780</td>
<td>14.601</td>
<td>2.190</td>
</tr>
<tr>
<td>Tru3</td>
<td>0.770</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tru1</td>
<td>0.754</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A confirmatory factor analysis followed using structural equation modeling (EQS version 6.1) and model development (Hair et al., 1998). The latter process was accomplished by following the three criteria proposed by Jöreskog and Sörbom (1993): (1) weak convergence requiring the elimination of indicators that did not have a significant factorial regression coefficient t student > 2.58 (p=0.01); (2) strong convergence forcing the elimination of those indicators that were not substantial, i.e. those whose standardized coefficient (λ) is less than 0.5; and (3) a selective elimination of indicators that least contribute to the explanation of the model, considering the cut-off point of R²<0.3.

Yet, the application of criteria only showed that the model is good and did not require the elimination of indicators. The parameters of model fit are: χ² (df) 144.799 (80) p ≤ 0.001; NFI 0.946; IFI 0.975; CFI 0.975; GFI 0.939; RMSEA 0.052; AGFI 0.909; Normed χ² 1.81.

3.3.2. Analysis of reliability

Table 2: Reliability of the Constructs

<table>
<thead>
<tr>
<th>Trust</th>
<th>Familiarity</th>
<th>Communication</th>
<th>Reputation</th>
<th>Opportunism</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Composite Reliability Coefficient</td>
<td>0.78</td>
<td>0.81</td>
<td>0.80</td>
</tr>
<tr>
<td></td>
<td>Average Variance Extracted (AVE)</td>
<td>0.55</td>
<td>0.59</td>
<td>0.57</td>
</tr>
<tr>
<td></td>
<td>Cronbach Alpha</td>
<td>0.84</td>
<td>0.88</td>
<td>0.88</td>
</tr>
</tbody>
</table>
Three reliability tests were applied: composite reliability coefficient (Jöreskog, 1971), average variance extracted (AVE) (Fornell and Larcker, 1981) and Cronbach alpha. The results show that the measures are above the minimum thresholds recommended (0.70, 0.50 and 0.70, respectively) in support of the acceptable reliability levels for all measures used (see Table 2).

3.3.3. Analysis of construct validity

Construct validity is examined in terms of convergent validity and discriminant validity. All measure standardized coefficients shown in Table 4 are above 0.50 and statistically significant at p < 0.01 (Bagozzi and Yi, 1988; Anderson and Gerbing, 1988) in support of convergent validity. Discriminant validity was tested using two procedures: Chi-squared differences and confidence interval tests (Bagozzi, 1981; Anderson and Gerbing, 1988). Table 3 shows that for the tested-model (see Figure 1) Chi-square is significantly different from all alternative models where two dimensions are perfectly correlated (Janssens, Brett and Smith, 1995). Table 3 also shows discriminant validity in any pair of latent variables. When estimating each pair’s correlations, value “1” is excluded from all confidence intervals in support of model discriminant validity.

**Table 3: Confirmatory Factor Analysis and Validity Analysis**

<table>
<thead>
<tr>
<th>Items</th>
<th>Standardized Coefficients</th>
<th>Construct Pairs</th>
<th>Test Differences $\chi^2$ (df)</th>
<th>Confidence Intervals**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tru1</td>
<td>0.69*</td>
<td>Tru-Fam</td>
<td>443.659 (1)*</td>
<td>0.267; 0.487</td>
</tr>
<tr>
<td>Tru2</td>
<td>0.84*</td>
<td>Tru-Com</td>
<td>280.525 (1)*</td>
<td>0.523; 0.661</td>
</tr>
<tr>
<td>Tru3</td>
<td>0.92*</td>
<td>Tru-Rep</td>
<td>148.869 (1)*</td>
<td>0.651; 0.795</td>
</tr>
<tr>
<td>Fam1</td>
<td>0.84*</td>
<td>Tru-Opp</td>
<td>200.598 (1)*</td>
<td>0.411; 0.623</td>
</tr>
<tr>
<td>Fam2</td>
<td>0.95*</td>
<td>Fam-Com</td>
<td>423.026 (1)*</td>
<td>0.314; 0.526</td>
</tr>
<tr>
<td>Fam3</td>
<td>0.76*</td>
<td>Fam-Rep</td>
<td>456.936 (1)*</td>
<td>0.223; 0.455</td>
</tr>
<tr>
<td>Com1</td>
<td>0.76*</td>
<td>Fam-Opp</td>
<td>319.249 (1)*</td>
<td>0.007; 0.267</td>
</tr>
<tr>
<td>Com2</td>
<td>0.86*</td>
<td>Com-Rep</td>
<td>285.137 (1)*</td>
<td>0.439; 0.586</td>
</tr>
<tr>
<td>Com3</td>
<td>0.91*</td>
<td>Com-Opp</td>
<td>270.651 (1)*</td>
<td>0.143; 0.395</td>
</tr>
<tr>
<td>Rep1</td>
<td>0.81*</td>
<td>Rep-Opp</td>
<td>346.716 (1)*</td>
<td>0.251; 0.495</td>
</tr>
<tr>
<td>Rep2</td>
<td>0.83*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rep3</td>
<td>0.82*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opp1</td>
<td>0.67*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opp2</td>
<td>0.82*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opp3</td>
<td>0.80*</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Significant coefficients at level 0.01
** Absolute Values
4. Results

Hypotheses were tested using structural equation modeling (Bagozzi, 1981). The results show acceptable fitting indices: $\chi^2$ (df) 192.761 (85) $p \leq 0.001$; NFI 0.928; IFI 0.959; CFI 0.958; GFI 0.923; RMSEA 0.065; Normed $\chi^2$ 2.27. As shown in Figure 1, organization’s reputation and donor’s familiarity with the sector have a direct and positive effect on donor trust on the charity organization in support of H1 and H2. Opportunism has a direct and negative effect on trust, as formulated in H3. Finally, communication has a direct and positive effect on both organization’s reputation and donor’s familiarity with the sector in support of H4 and H5, respectively. The results corroborate all hypothesized relationships (Figure 1).

![Figure 1: Structural Model of Donor Trust](image)

* Significant coefficients at level 0.05

Additional data analysis was performed to examine the moderating effects of variables that affect the donating process, such as donor income and donor seniority. Our analysis uncovers the moderating role of donor seniority (length of time the donor has been with the organization), and the moderating role of donor’s income.

A split-sample analysis was performed to verify the presence of such moderating effects. Split-sample analysis (Jöreskog and Sörbom, 1993) is appropriate to know the extent to which factor structures are similar across sub-samples and whether structural coefficients between two constructs are similar across sub-samples. Confirmatory Factor Analysis shows that the sub-samples obtained on the basis of either donor seniority or income have similar structures and that the structural coefficients relating
two constructs are similar across sub-samples in support of the external validity of the constructs.

Table 4 shows that all statistically significant measures come in support of the convergent validity. In addition, the performed analysis of confidence interval and chi-square differences show accepted values in support of measure discriminant validity.

Table 4: Convergent Validity Analysis and Model Fit Indices for Sub samples

<table>
<thead>
<tr>
<th>Item</th>
<th>1-6 years Donor Seniority</th>
<th>More than 6 years Donor Seniority</th>
<th>Low Income</th>
<th>High Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tru1</td>
<td>0.69</td>
<td>0.68</td>
<td>0.65</td>
<td>0.70</td>
</tr>
<tr>
<td>Tru2</td>
<td>0.82</td>
<td>0.87</td>
<td>0.78</td>
<td>0.90</td>
</tr>
<tr>
<td>Tru3</td>
<td>0.93</td>
<td>0.91</td>
<td>0.87</td>
<td>0.96</td>
</tr>
<tr>
<td>Fam1</td>
<td>0.82</td>
<td>0.86</td>
<td>0.78</td>
<td>0.90</td>
</tr>
<tr>
<td>Fam2</td>
<td>0.92</td>
<td>0.98</td>
<td>0.97</td>
<td>0.93</td>
</tr>
<tr>
<td>Fam3</td>
<td>0.74</td>
<td>0.78</td>
<td>0.76</td>
<td>0.76</td>
</tr>
<tr>
<td>Com1</td>
<td>0.76</td>
<td>0.75</td>
<td>0.85</td>
<td>0.65</td>
</tr>
<tr>
<td>Com2</td>
<td>0.82</td>
<td>0.92</td>
<td>0.89</td>
<td>0.82</td>
</tr>
<tr>
<td>Com3</td>
<td>0.93</td>
<td>0.88</td>
<td>0.89</td>
<td>0.93</td>
</tr>
<tr>
<td>Rep1</td>
<td>0.88</td>
<td>0.67</td>
<td>0.81</td>
<td>0.82</td>
</tr>
<tr>
<td>Rep2</td>
<td>0.82</td>
<td>0.86</td>
<td>0.77</td>
<td>0.89</td>
</tr>
<tr>
<td>Rep3</td>
<td>0.84</td>
<td>0.79</td>
<td>0.79</td>
<td>0.86</td>
</tr>
<tr>
<td>Opp1</td>
<td>0.66</td>
<td>0.69</td>
<td>0.63</td>
<td>0.72</td>
</tr>
<tr>
<td>Opp2</td>
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<td>0.84</td>
<td>0.84</td>
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<tr>
<td>Opp3</td>
<td>0.79</td>
<td>0.79</td>
<td>0.78</td>
<td>0.82</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Index</th>
<th>Model Fit Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFI</td>
<td>0.917 0.880 0.919 0.925</td>
</tr>
<tr>
<td>IFI</td>
<td>0.964 0.941 0.978 0.977</td>
</tr>
<tr>
<td>CFI</td>
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</tr>
<tr>
<td>GFI</td>
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<tr>
<td>RMSEA</td>
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</tr>
<tr>
<td>Normed c²</td>
<td>1.69 1.85 1.34 1.41</td>
</tr>
</tbody>
</table>

* Significant coefficients at level 0.01

As a consequence, the sub-sample of donors with less seniority with the charity organization is somewhat different from the sub-sample of the more senior donors.
In fact, the standardized coefficient between opportunism and trust is negative for both groups, but slightly more negative for the group with less time as donors (-0.39) than for the group with more time (-0.17), indicating a different level of intensity in favor of the more senior donors being less opportunistic.

### Table 5: Chi-Square Tests and Model Fit for Split-sample

<table>
<thead>
<tr>
<th>Donor Seniority Samples / Opportunism-Trust Relationship</th>
<th>$c^2$</th>
<th>df</th>
<th>$c^2$ difference</th>
<th>df</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Full Constrained Model</td>
<td>356.509</td>
<td>175</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b. Unconstrained Model</td>
<td>343.375</td>
<td>170</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a - b</td>
<td>13.134</td>
<td>5</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. Partially Constrained Model</td>
<td>351.748</td>
<td>174</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c - b</td>
<td>8.373</td>
<td>4</td>
<td>NO</td>
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<td></td>
</tr>
</tbody>
</table>

Multisample Model Fit: NFI = 0.880; IFI = 0.936; CFI = 0.935; GFI = 0.875; RMSEA = 0.059

<table>
<thead>
<tr>
<th>Income Level Samples / Communication-Reputation Relationship</th>
<th>$c^2$</th>
<th>df</th>
<th>$c^2$ difference</th>
<th>df</th>
<th>Significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Full Constrained Model</td>
<td>293.954</td>
<td>175</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>b. Unconstrained Model</td>
<td>279.721</td>
<td>170</td>
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<td></td>
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</tr>
<tr>
<td>a - b</td>
<td>14.233</td>
<td>5</td>
<td>YES</td>
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<td></td>
</tr>
<tr>
<td>c. Partially Constrained Model</td>
<td>285.620</td>
<td>174</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c - b</td>
<td>5.899</td>
<td>4</td>
<td>NO</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Multisample Model Fit: NFI = 0.901; IFI = 0.959; CFI = 0.958; GFI = 0.895; RMSEA = 0.047

Similarly, the sub-sample of donors with higher income is somewhat different from the sub-sample of donors with lower incomes (see table 5). In fact, the standardized coefficient between communication and reputation is positive for both groups, but slightly more positive for the group of donors with higher income (0.62) than for the group with lower income (0.49), indicating a different level of intensity in favor of the higher income donors experiencing a more successful communication impact on the charity organization’s reputation.

### 5. Discussions and conclusions

This study attempts to explain donor trust in the charity organization within the context of an emerging charity sector with the idea that such knowledge would help these organizations influence donor trust and participation. Four key factors were identified in the literature addressing charity and voluntary organizations: organization’s reputation, donor’s familiarity with the charity sector, donor’s perception of the
organization’s opportunism and donor’s perception of the organization’s communication effectiveness. The measures were pre-screened using expert panels and focus groups.

The results show that three factors have a direct effect on donor trust, whereas one factor, communication effectiveness, has only an indirect effect through its influence on organization’s reputation and donor’s familiarity with the sector. Moreover, while reputation and familiarity influence donor trust positively, perceived opportunism impact upon it negatively.

Thus, charity organizations can secure donor trust by first improving the organization’s reputation. A positive reputation will favorably affect donor trust as it positively work on consumer’s trust (Doney and Cannon, 1997; Ganesan, 1994; Selnes, 1998), contributing to a long-term relationship (Anderson and Weitz, 1989), generating and/or attracting new donors (Bennet and Gabriel, 2003), and stimulating donors to grow in their participation.

Similarly, charity organizations can influence donor trust by enhancing donor’s exposure to experience and knowledge of the recipient organization’s work and actions regarding the organization’s mission and social role (Sargeant and Lee, 2002a; Saxton, 1995). Greater donor’s experience with an agency’s activities would certainly increase donor trust. Moreover, a more effective communication between the organization and the donor would reinforce donor’s familiarity (experience and knowledge) with the sector. Familiarity, in turn, would fortify donor trust and, as a result, donor’s response to a pledge (Yang and Grunig, 2005).

The relationship between familiarity with charity organizations and trust is the weakest when compared to the other relationships in the model (see Figure 1). Yet, these findings are not unique. Previous research in the voluntary sector has also found the relationship to be somewhat weak but still significant (Sargeant and Lee, 2002b). Similar results were arrived at in studies addressing commercial relationships (Ha and Perks, 2005; Kennedy, Ferrell and LeClair, 2001).

Because opportunism has a negative effect on donor trust, the charity organization can reduce such effect by minimizing the occurrence of deceptive behaviors, manipulation of the information, dangerous spread of errors, cover ups and damaging confusion (Romar, 2004). Tolerance of opportunistic behaviors can easily kill mutual trust and menace an organization’s survival (MacMillan et al., 2005; Sargeant and Lee, 2004). It is possible that individual opportunism cannot be completely avoided because some donors may also be opportunistic, but it can be minimized in order to safeguard, if not reinforce, donor trust.

The fact that donor’s seniority and income have some weight on the process of procuring donor trust spurs additional considerations regarding the role of opportunism and communication. Donor’s seniority or donating time can reduce the impact of opportunism, when such inclination is present, on donor trust. Thus, keeping the same donors for longer or gaining donor’s trust is a good strategy to limit the effect of opportunism in the long-term relationship.
Similarly, dealing with higher-income donors may give rise to an emphasis on communication upon the understanding that communication has a greater impact on reputation for those donors. Yet, the strategy on communication can also be judged from another angle. In dealing with lower-income donors, the strategy should focus on tools other than communication because the latter may not significantly impress on the organization’s reputation under such conditions. Thus, the mechanism to attract donors who are not high-income earners may not rely on communication alone; it may embrace other tools such as invitations to special events or third-party recommendations.

Overall, the comprehensive and parsimonious donor-trust model that is contributed in this study both helps explain how donor trust is generated, kept and enhanced, and by doing so, better understand how charity organizations can influence donor trust and consequently boost donor participation.

References:


**APPENDIX A**

**Items Used by Construct**

**Donor Trust**

I completely rely on the integrity of my charity organization.
My organization would never seek advantages by deceiving its donors.
My organization is trustworthy.

**Organization’s Reputation**

The organization I support has a positive reputation.
The organization I support shows consistency between what they say and what they do.
My charity organization has people’s respect.

**Communication Effectiveness**

My organization never hesitates to give me as much information as I like to have.
My organization keeps me very well informed about what is going on with my investments.
My organization provides me with clear-cut information.

**Donor’s Familiarity with the Charity Sector**

Compared to other people, I know a lot about charity organizations.
Compared to most of my friends, I know a lot about charity organizations.
I am familiar with the many possibilities offered regarding donors and charity.

**Perceived Opportunism**

My organization seems to believe that its work benefits me while it only seeks its own interests.
I believe my organization is not concerned about me.
My organization is only interested in the money I donate.