

Upfront

Seal of Approval **Accreditation prompts higher charitable giving**

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Seal of Approval

Accreditation prompts higher charitable giving

The public is less trusting of nonprofits. According to one survey in 2001, 8 percent of the public said that they did not trust charitable organizations. A year later, that number doubled to 16 percent. Unfortunately for those organizations, charitable giving depends on trust: As the level of trust declines, so does charitable giving. Therefore, it is in the best interest of nonprofits to show that they are trustworthy. But how? René Bekkers of Utrecht University has the solution, writing that accreditation is what leads to increased levels of trust. His article, “Trust, Accreditation, and Philanthropy in the Netherlands,” was published last December in *Nonprofit and Voluntary Quarterly* (vol. 32, no. 4).

The Netherlands’ model of accreditation, one of self-regulation, works well for both donors and charitable organizations. It was created by the Central Bureau on Fundraising (CBF), which, as the umbrella organization that oversees Dutch nonprofits, has drawn up strict rules for financial management, allocation of money, and reporting to the public. For example, only 25 percent of the organization’s income may be spent on fundraising. The board must also consist of at least five unpaid volunteers who are not related to each other, and it must publish a policy plan for coming years in which the programs of the nonprofit are clearly described. If all the rules are met, the charity can bear the accreditation seal for five years. After five years, the organization is reevaluated.

Thanks to its promotion through

television commercials, the accreditation seal is recognized by approximately 32 percent of Dutch people. Surveys show that accreditation increases trust among donors – people who are aware of the seal are more trusting of nonprofits than people who did not know about it. Those who knew of the accreditation seal donated 71 euros (about \$85 U.S. dol-

As the level of trust declines, so does charitable giving. But what leads to increased trust?

lars) more per year than those who did not.

Can this model be brought to the United States? There does seem to be large public support for a system of accreditation: 84 percent of the public would support such a self-regulatory program, according to a survey by the Better Business Bureau’s Wise Giving Alliance.

However, a nationwide system of accreditation in the United States would be more difficult to implement. One prerequisite for an accreditation system, notes the study, is that a large percentage of the nonprofit sector must agree to submit to it. The number of nonprofits in the Netherlands is much smaller than in the

United States. Almost all of the 400 nonprofits in the Netherlands are members of the CBF; it would be much harder to get the cooperation of all nonprofits in the United States.

The “Seal of Excellence,” a statewide system of accreditation introduced by the Maryland Nonprofits Association, is being watched with guarded optimism. Eighty-six percent of Marylanders responded in a 2002 survey that a seal of approval is important to them when deciding about donations. Some of the certified Maryland nonprofits have also found that possessing such a signal of ethical standards and accountability helps their fundraising. “Yes, I think it has helped,” agreed Linnea Anderson of the American Red Cross of Central Maryland.

Awareness of the seal, however, seems to be lacking, even among nonprofits. Of the seven nonprofits in Maryland certified with the seal, only one of them, when contacted by the *Stanford Social Innovation Review*, had a staff member who answered the phone and knew about the seal or the accreditation.

An accreditation system in the United States may be a major step forward in increasing trust in charities and a subsequent increase in charitable giving. Given the population and size of the nonprofit sector, however, scaling up is going to be much more difficult. —*Melissa Fullwood*