LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Department of Psychological and Behavioural Science

"It's not just the trust, stupid!" - Reconstructing the Perception of Charities Through The Use of Alternative Currencies

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Assignment:
You are a member of a group of experts [your working group] consulted, on an economic issue currently occurring ["the case"], by one of the major stakeholders (e.g. government, key industry player, consumer association…). Your working group must produce its report by early December in the form of a 5000 words report. 3 intermediary presentations of the progress of your work are planned with the stakeholder. The final report must be 5000 words max.

The final report should include a short background description of the case (1000 words max, not included in the 5000 words], a clear statement of the questions the group addressed in the report, a brief review of relevant literature in the domain of the case, a theory literature review presenting and discussing the theories most relevant to address the case (accounting for what happens) and how they apply. Finally, based on the literature above and justified by it explicitly, some recommendations for the stakeholder. These recommendations should foster sustainability.

The reference list (which must follow APA rules) is not included in the word count. The background description does not count (but must be less than 1000 words). Tables count. You can add supplementary material in appendix but no more than 20 pages.
The intermediary presentations in classes do not count for the final mark: they are part of the work and not intended for evaluation.

NB: This essay is the actual assignment piece produced by the group; before receiving marking and feed-back. It is not a report, does not commit the LSE, and is provided ONLY as an example of what is produced in the group work in PS465 for the benefit of future students. Remember they were written only in a couple of weeks during an already intense term, by students with no previous knowledge of the domain.
The assessment consisted of this group essay, of an individual MCQ and of an individual essay (this year, a reflexive piece on lessons learned in the group work).
This specific essay received a very good mark in the (double, blind) marking.

Background

Charities nowadays are facing challenging times. A research report[1] issued by Populus (2016), for the Charity Commission of England and Wales, indicates that public trust and confidence in charities has fallen from 6.7 to 5.7 between 2014-2016 on a scale of 1 to 10, reaching its lowest level since monitoring started in 2005 (see Appendix 1, 2). As a result of this report, we aim to consult the Charity Commission on how to address this public concern. The significant drop, as pointed out in the data, might be attributed to malfunctioning communication and media coverage of fundraising malpractice. Perhaps the most illustrative example is the closure of the Kids Company Charity, which was subjected to allegations related to financial management and governance problems, and compromised the reputation of the sector (Populus, 2016)[2].

The Populus report was not an anomaly; additional surveys developed by other market researchers revealed a similar declining trend in public trust. For instance, Ipsos MORI (2014) pointed out that 36% of the public was dissatisfied with charities' lack of transparency about how they spend their money. Harris Interactive showed in its Charity Brand Index 2015 that negative attitudes towards charities had an effect on willingness to engage, through the sharing of personal information, campaigning on behalf of charities, and volunteering or donating money. Likewise, NfpSynergy (2015) found that the percentage of people who trust charities fell from 63% in 2014 to 48% in Autumn 2015[3]. These findings are a call to action to start looking for what is underlying this decline in public trust. Both literature and surveys revised suggest that the main drivers of such dissatisfaction derive from the media coverage of charities' malpractice, the lack of knowledge on how charities are being run and managed, and where the resources are being allocated.

The funding situation of charities is diverse. According to the UK Civil Society Almanac 2016, on average charities receive 44% of their income from individuals, 35% from the government and 21% from others resources, such as the private sector. It is important to

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[1] The research is based on surveys of a representative sample of 1,085 adults in England and Wales during the first two month of 2016, and on discussions of four focus groups.

[2] The Charity Commission opened a statutory inquiry into the charity Kids Company on 21 August 2015: https://www.gov.uk/government/news/new-charity-investigation-kids-company.

[3] The numbers are based on a representative sample of the UK public of 1000 people who said they trusted charities 'a great deal' or 'quite a lot'.

remark that 80% of registered charities have an income of £100,000 or less, and strongly depend on individual income, as they receive less support from the government (see Table 1).

Table 1.
Charities by Income Band – March 2016.

Income Band	N° Charities	%	Income Source*	
			Indiv.	Gov
£0 to £10k	75,950	46%	70%	8%
£10k to £100k	56,800	34%	56%	19%
£100k to £500k	21,621	13%	43%	31%
£500k to £5m	8,750	5%	44%	35%
Over £5m	2,156	1%	43%	37%
Total	165,277			

Source: Charity Commision, NCVO
*Information based on data from 2013/2014

Charities play a vital role in societies. In economic terms, according to the National Council for Voluntary Organisations (NCVO)'s estimates the voluntary sector contributed £12.1bn per year to the UK economy, around 0.7-0.9% of total GDP during the last 9 years. In addition, 2.7% of the UK workforce were employed in the voluntary sector in June 2015. In social terms, charities provide crucial support to communities across the United Kingdom, where government efforts were unsuccessful. The execution of governmental social initiatives often fails to reach the targeted recipients (Muhlhausen, 2012), and the last mile of the job seems to be the breakdown point. Thus, as Ware (1989) remarked, the government has transferred some responsibility for provision of services to charities and also pointed out that charities have been involved in the political sector. Charities increasingly try to raise public consciousness about problems where they believe government should start to take actions.

This context poses an important question: what is the role of charities? It might be difficult to address the question as there are a great number of organisations (more than 166,900 in the UK according to the Charity Commission) which meet the legal definition of charity: an institution which is established for charitable purposes only (relieve of poverty, advancement of education, religion, health and others beneficial to the community recognised under the law), and for the public benefit (Charities Act, 2011). However, this legal and technical definition seems far different from our social understanding. A better understanding could be gained by examining the origin of the idea of 'charity'. Delving into the history of charitable behaviour, one would find strong links with various religions across the world. For instance, charitable instructions are found in the Old Testament of the Bible (Bykov, 2015), in the idea of ‘Caritas’ in Christianity and in ‘Zakat’ as a column in Islam (Paulus, 2014). Such collective charitable endeavours rooted in history provided the foundations for the values and perceptions of charities. Taking into account this historical foundation and a social psychological perspective, we understand charities as unique organisations, different to both the government and private sector, which represent an important tool for empowering individuals and communities. They act as instruments that help fulfil basic social and environmental needs. Thus, we believe that charities should follow community-related strategies and focus on being capable of initiating fundamental changes in societies. Accordingly, charities need to be reframed to ensure they have a sustainable societal impact.

Before taking a closer look at charities from a theoretical and a practical perspective, it is important to take into account the different stakeholders. The current stakeholder framework of charities involves different stakeholders separately pursuing particular interests: the government, establishing the tax treatment and level of government grants, as well as transferring some responsibility for the provision of public goods; the private companies, donating money to charities as philanthropy, as an effort to increase their business value, improve public image, financial performance, or as an alternative for advertising; the public, donating money, volunteering or campaigning on behalf of charities shifting from purely altruistic to selfish responses; the charities, developing strategies and reallocating resources in favour of those in need; and the recipients, being the intended target of charities and engaged individuals.

Introduction

The late 20th century has witnessed a transformation in the perception of charities (Ware, 1989). The transition from a value based community perspective of charities to a more professional, institutionalised and financially managed organisation, which is run by well paid staff, has altered the status quo. In this process, the managerial approach has become inconsistent with the original more human-centric purpose of charities, and has coincided with a decrease in public trust and confidence.

Even if we take the described fall in trust as the focal point of our analysis, as it was brought forward by the Charity Commission, classic economic theories soon fail to provide the adequate tools to derive sound conclusions. Analysing the ambivalent relationship of the public and charities holistically therefore requires the use of a diverse set of methods and theories from social science. Since it is humans we are ultimately interested in, methods drawn from social psychology will be at the core of the analysis. In doing so, we understand that decreasing trust is not only triggered by charities' misbehaviour. Instead we take one step back, question the exclusivity of trust as the missing link, and look at the big picture. Taking a bird's-eye perspective, which accounts for acts rooted in the past and the future, we appreciate the complex situation as a consequence of a growing dissonance in representations of charities.

This dissonance can be best explained by the professionalisation in the past decades which contrarily affected the self-representation, and the representation of charities in the public. Whereas charities have predominantly professionalised and aligned their internal and external process alike private corporates, the public, amongst other stakeholders, still inheres the set of values and morals which previously characterised charities. Albeit some degree of organisational change was undoubtedly needed, it has led to an observable dehumanisation and impeded the feeling of community (Levitt & Levitt, 1973). This diffused the set of common values, which has hitherto been the unifying force for the stakeholders**.**

Charities obtain an incremental role in our society with their presence especially needed where the state fails to provide services. A collapse of the sector is hence intolerable. Consulting for The Charity Commission, we will examine *how the perception of charities could be reconstructed and re-humanised in order to resolve dissonances and ensure a sustainable development of the sector?*

Traditionally, engagement with charities has involved a transfer of resources, from the individual to the charity, in a linear, one-way transaction. We will argue that a focus on the basic currency of economic resources is too simplistic and is ineffective in increasing charitable engagement. In order to reframe and rehumanise charities, the introduction of alternative currencies is essential. We recognise that numerous theories could be applicable to this problem, yet we have narrowed our focus to the most relevant: Social Representation Theory, Transactions, Installation Theory, Psychological Contract, Sense of Community and

Signalling Theory. For each, we will briefly explain the theory, apply it to charities, and offer potential solutions. Through the lens of these theories, we postulate some alternate real-life recommendations, all of which are grounded in our specified currencies.

Constructing "Charity" as a Social Installation

The Social Representation Theory provides a methodological framework that illustrates how values, ideas and practices can form a shared perception and therefore enable communication (Moscovici, 1972). This framework initially serves as our theoretical base to make sense of the context. Asking how charities are perceived, both by themselves and by other stakeholders, sheds light on the social construction and will therefore help to answer the research question.

Moscovici (1972) located a triangularity in the social world which induces the importance and omnipresence of "the other" in social interactions. It indicates that there is not such a thing as an isolated social act. The content of the report (Populus, 2016) exemplifies the charities' disregarding of reciprocal effects which are prevalent between the itself and "the other", in this case the public. The evolved discrepancy between self-perception and the social representation of charities has led to an imbalance of what was once common sense for defining them. This challenges the central function of social representation, namely enabling unproblematic communication (Sammut et al, 2015). The top five reasons (Appendix 3) for decreased trust stated by interviewees in the report were related to communication, e.g. intransparency or unwelcomed fundraising practices. We argue that by only treating these symptoms, the cause of disturbance in communication is missed: the shifted representations of the stakeholders.

The evolution and therefore the meaningful change of social representations is a difficult undertaking, prerequiring in-depth data (Lahlou, 2015). Thus, our analysis identifies incongruities to show selected paths towards alignment. Our approach in operationalising such a discrepancy is to look at the various currencies at stake, but not necessarily available to everyone's cognition. By currencies we mean resources, values, norms, motivations, needs and other driving forces that characterise the interaction, which due to the transactional character of the relation can fuel or inhibit collaboration. By perceiving the interaction between the public and charities as a social exchange and essentially a form of transaction, we equip ourselves with a sharper tool to examine behaviour and communication. With the knowledge of the currencies, one now needs to find a way to utilise them by sustainably installing them in the current system.

The Installation Theory (Lahlou, in prep.) again finds its foundation in the triangular relationship. It argues for a construction of behaviour on different layers; the physical, the psychological and the social, which are interdependently connected and jointly guarantee a social equilibrium. We claim the theory for our analysis and make use of its functionalist rhetoric. Appreciating its original applicability to artistic installations grounded in space and time (Lahlou, 2015), we introduce the *installation of charitable exchange*. This helps us to benefit from organising the currencies among three layers, which will then help to scaffold and predict behaviour. The following section will therefore draw on currencies of different layers and show how their adherence can help to create a sustainable, humanised relationship.

Table 2.
Currencies ordered across different properties of charitable exchange.

Affordances	Psychological	Social
• Money • Time • Information	• Happiness • Warm glow • Prestige/Reputation • Sense of belonging • Altruism • Respect • Acknowledgement • Fulfilment	• Values • Norms • Rituals & Symbols • Affiliation to Community • Friendship

It is important to understand that the listed currencies are not at all ubiquitous. The currencies are valued differently, based on the form of social exchange (Lahlou, in prep.). The varying importance to the different stakeholders is furthermore complicated if we consider individuals as our unit of analysis. People as social animals are born to function in different installations, be it as caring mothers or as researchers in academia. These overlapping realities can lead to a cognitive polyphasia (Moscovici, 1976) and hence to unclear preferences for currencies in different situations. So even if the currencies are known, it is not easy to address them in space and time.

However, at the moment charities engage in the transaction as if currencies were determined equally important for everyone. Instead, we suggest a chronological process to ensure addressability:

1. Assess identity, values, and goals of the charity
2. Identify sector-relevant currencies
3. Explore the value of currencies across individuals, groups and situations
4. Use a diverse set of measures to address currency accordingly

Most of the involved currencies are unspecified and implicit in their nature and hence external to forms of economic analysis. Furthermore, transactions inevitably lead to irreversible changes in the relation between and within the involved parties. Consequently, “feelings of personal obligations, gratitude and trust” (Blau, 1964, p.94) are created during the exchange. If we intend to understand and change these relations, we need a theoretical approach which is committed to the implicit in social interactions.

Psychological Contract

The professionalised model of charities makes it legitimate to analyse them through psychological dynamics typical of organisations. Specifically, *the psychological contract* (PC) highlights the importance of honoring personal obligations and trust, even when they are implicit (Rousseau, 1989). PC is the tacit agreement between individuals and organisations to mutually respect implicit expectations, violations of which result in the breach of the contract. A breach also compromises explicit agreements, negatively impacting trust, commitment, and performance (Rousseau & Tijoriwala, 1998). Honoring the *agreed purpose* within an organisation was emphasised by Selznick (1948), who studied *contracts* in a legal and formal framework. He contended that strict classical contract law is not representative of the actual reality, rather individuals’ engagement is based on diverse self-chosen transactions (e.g. choosing individual projects, whether to cooperate or not). This can result in deviations from what is formally expected - the *unwritten law*s. Despite valuing the *implicit*, Selznick’s approach is sociological and pushes us to adopt a psychological focus: unveiling unwritten expectations requires understanding individual perceptions. We argue that individual perception shapes charities' definition, and therefore what is expected from them. Assuming that perceptions are shaped by *physical*, *psychological* and *social* components proposed by Installation Theory (Lahlou, in prep), it is within this lens that psychological contract will be analysed.

Although originally developed for relationships within the firm, PC can be applied to charities to understand that implicit expectations are multilayered. To unveil the unwritten, PC suggests distinguishing between transactional, relational and ideological contracts (Rousseau, 1990; Thompson & Bunderson, 2003). Transactional[4] contracts involve one-to-one exchanges of economic currencies resulting in short-term effects; relational involve socioemotional currencies, based on long-term inducements and trust (Thomson & Bunderson, 2003). Ideological contracts surpass such a distinction by focusing on *personal values* as kernel of the relationship between individuals and organisations (Vantilborgh et al., 2011). Specifically, it urges going beyond financial and relational exchanges (Bal & Vink, 2011).

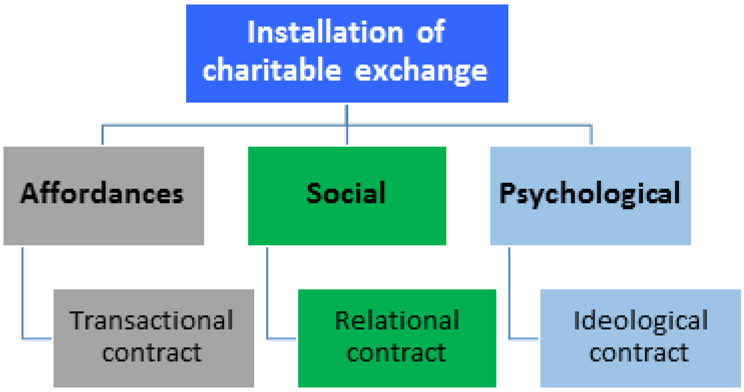
Firstly, the transactional contract is consistent with an economic model of *charitable behaviour*, intended as opportunity to maximise utility. Such an approach uses money as its currency, in economic equations predicting self-interest (e.g, Kang et al., 2014). Yet, assuming that individuals base their expectations upon material and short-term currencies is limitative and it undermines the humane vision of *giving*. Secondly, the relational contract expands on expectations of trust and long-term inducements, with communication being a relevant currency (Vantilborgh et al., 2011). Tacitly, the public expects media campaigns, fundraising practices and donations to be ethical and transparent. Therefore, promoting less intrusive standards, transparency, and ensuring an open two-way approach is essential to respect the contract (Sargeant & Lee, 2002). Nevertheless, the current trend of decreasing trust confirms that the short term nature of transactional currencies is limitative and improving trust-conducive communication is insufficient. Crucially, included in the relational contract are socioemotional currencies like fun, life enjoyment (Kahle, 1983), friendship, warm relationships, and excitement (Vantilborgh et al., 2011). This sheds lights on the diversity of expectations, beyond economic currencies (Sisco & McCorkindale, 2013). Consistently, the ideological contract urges integrating strongly internalised values and societal interests as individuals' implicit expectations, such as happiness (e.g., Dunn et al.,

[4] Note that transactional contract is not a synonym for the general transactional exchange.

2008; Akin et al., 2012), fulfilment, respect, sense of belonging, and altruism (Vantilborgh et al., 2011). Importantly, PC is respected when perceived values and coherence are honored (Thompson & Bunderson, 2003). Breach is thus avoided when individual values are coherent with the charity mission.

Vantilborgh et al. (2011) defined the *New Aligned Case* (p. 653), a state in which motivations of all stakeholders are aligned and where transactional, relational and ideological contracts are all present. Drawing on Installation Theory (Lahlou, in prep), these interact with each other, thus respecting the psychological contract would mean going beyond the *affordances* of exchange and valuing their interaction with *psychological* and *social* components. We argue that such *humanising* currencies deserve particular attention, and it is with this focus that recommendations are developed.

Table 3.
Installation of Charitable Exchange.



A failure to understand how people perceive charities as social constructs could compromise their engagement. Charities should manifest that they deliver something useful, whilst appreciating how individuals perceive them, the meanings they attribute to them, and what they expect from engagement. The tacit nature of the psychological contract makes this challenging. However, implicit expectations could be accessed by interacting directly with individuals, reconsidering the variables included in the agreement and meeting objectives. From a practical perspective, charities should not work *for* people, but *with* people. Rousseau, Ho, and Greenberg (2006) suggested to develop new *I-deals*: contracts that are individually managed. Actively engaging individuals in building a *new and ideal* deal would create a sense of meaning, control and fulfillment (Webb & Wong, 2014). Charities could realise this through a crowdsourcing platform**,** empowering individuals to share their expectations. Humans want to feel useful, part of a community, informed. Consistently, follow-up actions could include delivering personalised gratitude emails, organising social events and providing updates of donations' journeys.

Accessing the components of a humane *charity perception* and acting accordingly would be key to respect the psychological contract. Understandably, a single charity might not be able to meet every expectation. Thus, it is recommendable to choose something specific and ensure it is delivered. For this, it is useful to apply what Vantilborgh et al. (2011) called *mission filter*: the idea that charities target a specific cause. Charities could make use of ideas rooted from market segmentation to create what we hypothesise as 'charity segmentation'. This would enable charities to appreciate different internal expectations and align individual interests with their corresponding missions. The advantage would be twofold: individuals easily choose cause and engagement modalities; and charities are more likely to meet targeted expectations. Presumably, this will create a circular motion of individuals and charities meeting expectations reciprocally: (a) individuals commit to the charity that most aligns with their personal values, and (b) charities are reframed as a sustainable model with the intrinsic role of making *I-deals* realisable.

Sense of Community

No (hu)man is an island

Inspired from John Donne (1624), this notion captures the essence of human life, as well of social psychology, in that no individual floats in vacuum, but rather is part of a complex network of social and interpersonal relationships. Ferdinand Tönnies (1887) highlighted the non-uniformity of these relationships by differentiating between *Gemeinschaft* and *Gesellschaft*. He equated *Gemeinschaft* to communities; relationships that were personal, familiar, guided by natural will, and emphasised interdependence. *Gesellschaft*, conversely, exists in the realm of trade, of profit-loss transactions; it equals a society in which individuals co-exist nearly independent of each other.

Charities today function based on the principle of *Gesellschaft*, where stakeholders are distinct entities, with limited connections to one another. Thus, there is a need to shift to *Gemeinschaft*, where stakeholders are not *donors*, *volunteers,* or *beneficiaries*, but *members of the charity communit*y. We envision a transition from charities as organisations to charities as communities, where each member becomes an important contributing participant rather than a passive donor of resources. In a vision of charities as communities, there is a mutual relationship between stakeholders; reciprocity, co-development, and empowerment for all, wherein each member is involved in sustaining the charity.

The path to this ideal state of charities involves fostering a sense of community (SOC) between the stakeholders. Sarason (1974, p.157) was the first to conceptualise SOC as "the perception of similarity to others, an acknowledged interdependence with others, a willingness to maintain this interdependence by giving to or doing for others what is expected, and feeling part of a larger dependable and stable structure." On the same train of thought, McMillan and Chavis (1986), pioneers in SOC research, conceived four elements that characterise it: shared emotional connection, influence, integration and fulfilment of needs, and membership. In the following sections, we take Kloos et al.'s (2012) approach of using these four elements as constructs for analysis and concrete objectives for action.

First, we consider the concept of shared emotional connection, in which McMillan and Chavis (1986) emphasise the importance of the history of the community. In charities, communicating the foundation and history of the organisation becomes important. Additionally, a shared emotional connection is nurtured when members get opportunities to interact in meaningful ways, creating shared experiences that bind a community together. Thus, large or small scale events, wherein charity members have opportunities to meet and engage in meaningful activities, could be a tool for charities to foster SOC. Such events could range from donor group meetings and pub nights, to recreational trips and fundraising events, the overarching purpose being to create shared experiences for the community members.

Secondly, the influence between a community and its members must be bidirectional. Cohesiveness is fostered through the community's influence on its members, but individual members must also be able to influence the community to feel that they are a part of it. This empowerment coming from an individual's influence is important for sustainable charitable involvement. This can be ensured by creating opportunities that allow members to influence a charity through personal ideas, creativity, and engagement, so that they feel they hold power over the charity, ultimately forming closer bonds with the community. A good starting point would be to establish a feedback channel. In practical terms, charities receive valuable information by listening to concerns. Engaging people in the process gives them a voice**,** thus also respecting the psychological contract.

Thirdly, integration and fulfilment of needs emphasises that individuals remain members of a community as long as they find the community-individual relationship rewarding. Nowell and Boyd (2010) similarly construed communities as a resource that fulfils key psychological and physiological needs. The fulfilment of needs connects well with the concept of transactions and different currencies that are involved when one engages with a charity, as previously mentioned.

The fourth and final element of SOC is membership; for charities it entails a feeling that one is part of the organisation, generating a sense of belonging that results from personal investment. The role of symbols and rituals, or social conventions, becomes exceedingly important here. These symbols and rituals provide an integrative function; they signal solidarity to other members of the community and become habitual and traditional, giving rise to emotional engagement. Moscovici (2000) correctly observed that ritual behaviours do not aim to solve a problem, or prescribe a specific way of completing a task, rather they bind a community together and increase the sense of belonging. An apt example of the use of symbols the Royal British Legion, which has a poppy as its symbol. This symbol has become so prominent that it is now woven into the very texture of British culture. Individuals who wear the poppy signal solidarity to the cause, and simultaneously feel a personal sense of belonging.

A further practical consideration is that of Christens (2010), who proposed to build public relationships in grassroots community initiatives by holding “one-to-ones” with participants, which are rudimentarily semi-structured conversations. Although initially applied to a social change context, it is also valid for charities. Holding one-on-one conversations with members of the charity could lead to increased feelings of involvement in the community and amplify SOC. Beyond face-to-face conversations, even digital communication from a valued member of the charitable community, rather than the organisational hierarchy, can go a long way in fostering SOC (White, Vanc, & Stafford, 2010). Furthering the idea of digital communication, charities should build an online community that adds to their physical community. Ren et al. (2012) argued that SOC could be developed by fostering identity-based attachment as well as bond-based attachment. The idea is that an individual integrates with the online community by linking their identity to the community's, simultaneously forming meaningful interpersonal relationships with other members. Charities should build online communities that provide a platform for both group and interpersonal level interaction, where individuals can signal to others their engagement with the charity and what this involvement means to them.

Signalling Theory

To improve individual engagement, it is essential to understand that motivations for charitable engagement vary from person to person. Charities must appreciate their stakeholders as individual actors with individual motivations. Ariel et al. (2009) suggests that motives are roughly divisive between intrinsic, extrinsic and image motivations. The intrinsic motivation to behave prosocially is the value of giving per se, without deriving any personal benefit. Extrinsic motivations refer to any material reward or benefit associated with engaging with charities (Fehr & Falk, 2002). The image or reputational motivation associated with charitable engagement is amongst the most important factors for us, and will be considered in detail alongside signalling theory. In order to reframe and rehumanise charities, it is essential to recognise the various motivations for engagement and to avoid deeming some motivations as morally superior. Of course, if everyone was solely motivated by pure altruism to behave prosocially we would have little left to solution in the charity sector. However, the reality is that all motivations lead to engagement, therefore no single motivation should be judged as superior, rather charities need to recognise how each individual motivation may be manipulated to encourage greater engagement.

Drawing on the theory of sense of community aforementioned, it is evident that belonging to a particular group involves adherence to specific social norms and avoidance of certain social faux pas. In the public realm, people commonly perform *good* deeds and refrain from *bad* ones because of the social pressure attached to honour of the former and shame to the latter (Benabou & Tirole, 2006). Therefore when individuals are searching for social approval of their behaviour they choose behaviours that signal traits defined as *good* based on their group's social values (Ariel et al., 2009). Social approval means that we are the objects of others' admiration, which makes us happy and proud. Based on lab experiments Fehr and Falk (2002) explain that social rewards and the potential social punishments are the most basic 'currency' that induce children and adults alike to perform certain activities and avoid others. Prosocial behaviour is almost universally associated with positive signalling (e.g., Curry, Mullins & Whitehouse, 2016). People engage in charitable activities to signal to others: that they are 'good' people, or that they are wealthy, or simply that they are interested in a particular cause, such as the Poppy Appeal. No matter which signal an individual is looking to expose, for signalling to transfer positive currencies, engagement with charities must be publicly visible.

According to Ariel et al. (2009) *ceteris paribus,* increasing the visibility of engagement with charities will lead directly to an increase in prosocial behaviour, based on the condition that such engagement yields a positive image. If we solely focused on this hypothesis, we could suggest that increasing the visibility of charitable engagement would be sufficient as a potential solution. However, this would be a highly simplistic interpretation of signalling theory. We deviate from the signalling equilibrium (Glazer & Konrad, 1996) when extrinsic motivations are made visible, as they essentially *crowd out* the positive signalling traits associated with prosocial behaviour. Here, it is possible to interpret the reputational gain associated with charitable engagement as a form of extrinsic motivation in itself. When prosocial behaviour is suspected of being motivated primarily by appearances, this generates an 'over-justification effect' (Lepper et al., 1973). When publicity is increased, people disregard the meaning of charitable acts, and instead credit such motivations more to image-seeking than altruism; thus this 'over-justification effect' implies a partial crowding out of the incentive associated with increased visibility (Benabou & Tirole, 2010). Furthermore, as individual competition for reputation and participation in charity-based activities increases, it is argued that the associated honour decreases as such activities become more common, whilst the stigma for not participating increases; "only the very bad apples do not participate" (Fehr & Falk, 2002).

The ideas postulated above would almost suggest that an individual's charitable engagement is solely based on superficial reputational opportunities rather than internal motivations. This is an unfair assumption to make about the human nature of prosocial behaviour; particularly as there is evidence that humans are in fact selfless (Benkler, 2011). If charities are to manipulate the reputational currency, an integration of the idea of *self-image* alongside *social-image* is essential. Adam Smith, in The Theory of Moral Sentiments (1759, p.184) illustrates that the desire for approval and the desire to deserve approval are closely linked. “He desires not only praise, but praiseworthiness… He dreads not only blame, but blameworthiness”. The fact that this *image motivation* to engage with charities goes beneath the surface, and that people desire deservedness in themselves, suggests that the ‘over-justification effect’, will not necessarily crowd out charity engagement. Far more important than social approval alone is the interaction between self-approval and social-approval. If charities can appreciate this interaction between self and social image motivations, and increase visibility in a way that does not encourage ‘crowding out’, engagement in charitable behaviour will undoubtedly increase.

In terms of a practical recommendation, signalling could be applied to the reputation of a collective rather than solely individuals. With information about companies’ practices becoming increasingly accessible and quick to travel in the twenty-first century (Benabou & Tirole, 2010), corporate practices have been brought into question. One way in which companies attempt to influence their social reputation is through *Corporate Social Responsibility* (CSR) practices, which by definition are ‘actions that appear to further some social good, beyond the interests of the firm and that which is required by law’(McWilliams & Segel, 2001, p.117). Companies want to signal to certain stakeholders, such as investors, customers and employees, that they are willing to sacrifice profits to further social goals (Benabou & Tirole, 2010). Cooperation between charities and the private sector, involving the exchange of positive signalling associated with charitable engagement, would result in a win-win situation and positive spillover effects. Making use of the readily available *good will* of companies is a recommendation that can be easily integrated into the current development of CSR.

Charities and Organisations

The millennial generation is becoming a big player, forming 25% of the workforce in the USA, and will form 50% of the global workforce by 2020 (Pwc, 2012). Millennials are seeking to make a difference in the world, to work for a purpose, and are drawn to brands which share their values. For instance, in 2008, 88% of Millennials were looking for an employer with CSR values that reflected their own (Pwc, 2012). Hence, companies must align their interests to those of the emerging stakeholders.

In this scenario, we propose that charities must redefine the strategies used to attract resources, and make alliances with private companies which share their values. A win-win situation would be integrating the strengths of private firms and charities. For the private sector, such strengths include high levels of efficiency and the ability to fund. For the charity sector, this means reallocating resources to causes in need, and supporting communities where governmental efforts fail to reach.

For instance, a Peruvian Insurance company has established a successful charitable partnership project 'your warmth in summer, shelters in winter', which involves recollecting used plastic bottles, and upcycling them as blankets. As a result, 200,000 bottles were collected and 4,000 blankets were made. Pacifico successfully aligned the three C's of consumer philanthropy (Norton, 2014). The *Company* chose a *Cause* that resonated with *Customers* and employees. Indeed, the follow-up campaign was suggested by Pacifico's own customers and employees, *"La Ponchila"*[5], an initiative that focuses on helping populations in vulnerable areas and decreasing the amount of plastic disposal. For this challenge, Pacifico made an alliance with a charitable organisation focused on rural highland communities and two private companies, which share the same values and commitments towards the community and environment. Pacifico *wins* by gaining support from customers and employees. The charity sector *wins* by successfully helping vulnerable people. This twofold advantage reflects the respect of the psychological contract.

Conclusion

"There is nothing more practical than a good theory" wrote Lewin (1952, p. 169) about the social sciences. We have taken this famous quote at its word and have structurally assessed the soundness and applicability of various theories. The result can be found in the text, a theory-driven report targeting the deduction of realisable recommendations.

[5] A "Ponchila" is a backpack with an incorporated poncho made by 80 recycled plastic bottles. The information was retrieved from the initiative's webpage: http://www.yofuibotella.com/ (Accessed 30th November 2016).

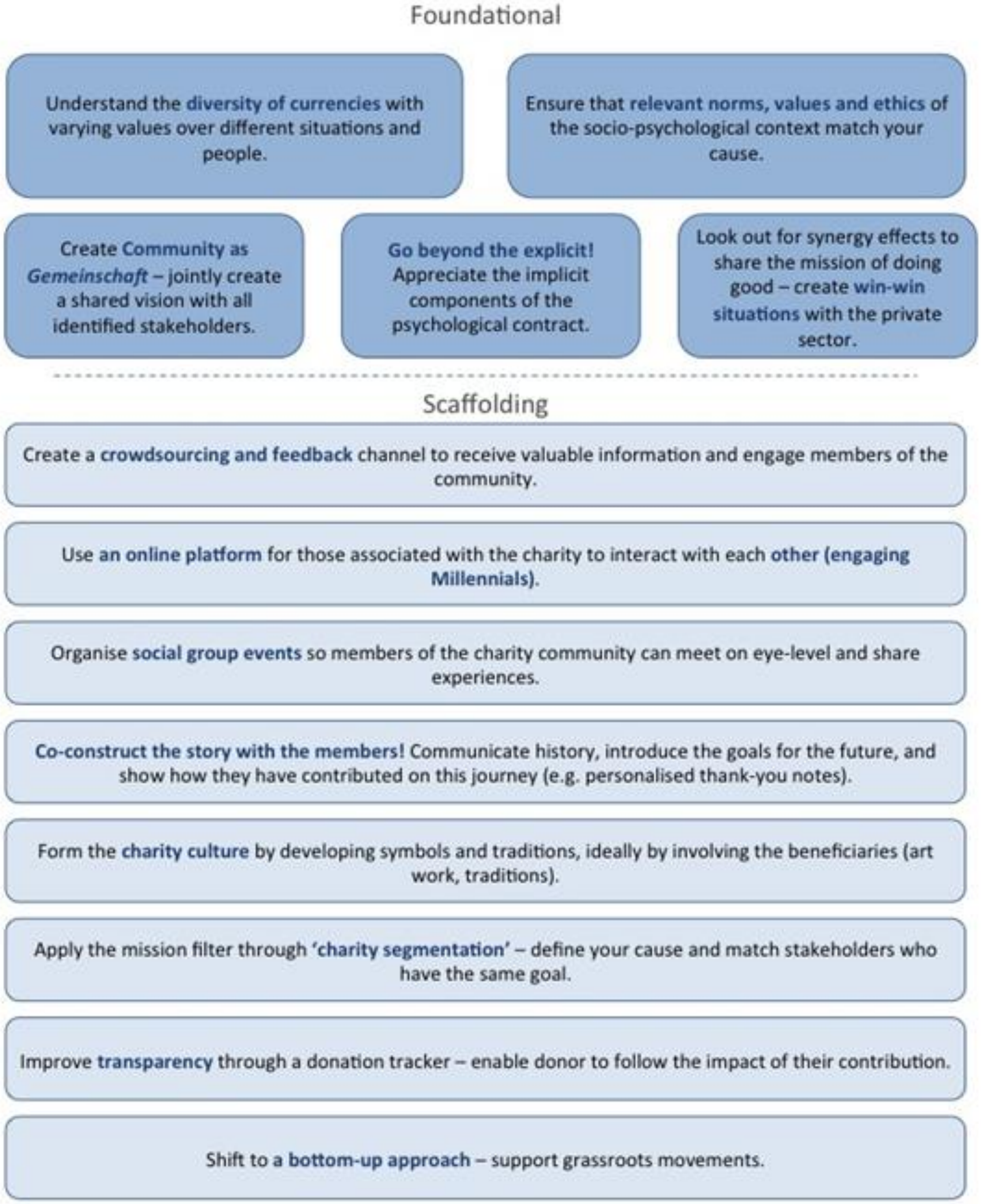
Social Representation Theory and *Installation Theory* helped us to approach the analysis from an alternative angle. Building on *Psychological Contract Theory*, we considered the unwritten found in social relations, and utilised Sense of Community and Signalling Theory to transfer the discourse into tangible recommendations. Finally, the proposed cooperation between charities and companies fostered a system-based, yet realisable solution.

Nonetheless the presented approaches are no free lunch for the uninspired, nestled organisation. In fact, the report is only the recipe for change, with the ingredients yet to be procured. In other words, we provide a foundational and practical framework of recommendations, which is in no way a “one-size-fits-all” approach. Our currencies are not exhaustive. Thus, it is important for charities to conduct their own research to complement our solutions before adopting them. Also, we appreciate that our recommendations are grounded in theories that do not have charities as their original focal point. However, we have chosen those most malleable to this sector. It is important to note that we have only focused on the UK charity sector; therefore our recommendations may not be applicable to the global context. Moreover, our suggestions derive from a western perspective. It is likely that there would have been different problems, and thus very different solutions if we had analysed charities from an alternative perspective.

It is bearing in mind the listed limitations, that we consult the Charity Commission about decreasing public trust in charities. We suggest an alternative to traditional consulting grounded on the application of theories from the social sciences. These should be perceived as a toolkit for a charity willing to construct a sustainable installation, rather than focussing on the temporary treatment of symptoms. It is therefore up to the charity to (1) internalise the presented paradigm, (2) determine its own social environment with an in-depth stakeholder analysis, and (3) apply the relevant measures.

The table below visualises how foundational recommendations can be taken as basis for scaffolding developments, and together address the layers of what we propose as *installation of charitable exchange*.

Table 4.
Summary of proposed recommendations.



Considering foundational recommendations as the necessary but not sufficient condition for the scaffolding recommendations to take effect, charities will be equipped to address the different layers of the installation of charitable exchange, and hence narrow the dissonance of representations.

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Appendix 1. The Charity Commission Report

GOV.UK

Press release

Public trust in charities has fallen, reports Charity Commission

From: The Charity Commission (https://www.gov.uk/government/organisations/charity-commission)
First published: 28 June 2016

Trust and confidence in charities has fallen since 2014. The public cite media stories, lack of knowledge and trust in how donations are spent.

CHARITY COMMISSION FOR ENGLAND AND WALES

Public trust and confidence in charities has fallen to the lowest recorded level since monitoring began in 2005, according to a report produced by Populus (https://www.gov.uk/government/publications/public-trust-and-confidence-in-charities-2016) for the Charity Commission, the regulator of charities in England and Wales. The findings show that trust in charities has fallen from 6.7 out of 10 in 2014 to 5.7 this year.

The report finds the fall in trust and confidence can be attributed to critical media coverage of charity practices, distrust about how charities spend donations, and a lack of knowledge among the public about where their donations go. Perceptions of aggressive fundraising tactics have also contributed to the decline in trust.

The research is based on surveys of a representative sample of over 1,000 people conducted earlier this year, and on discussions with four focus groups. The full methodology for the research is set out in the report.

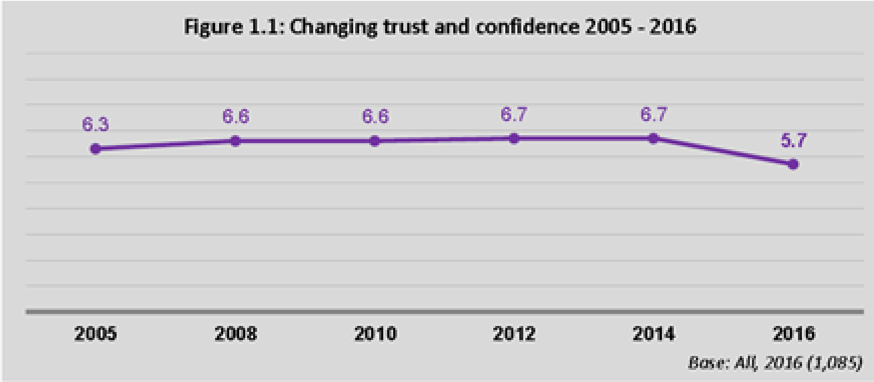
William Shawcross, Chairman of the commission, said:

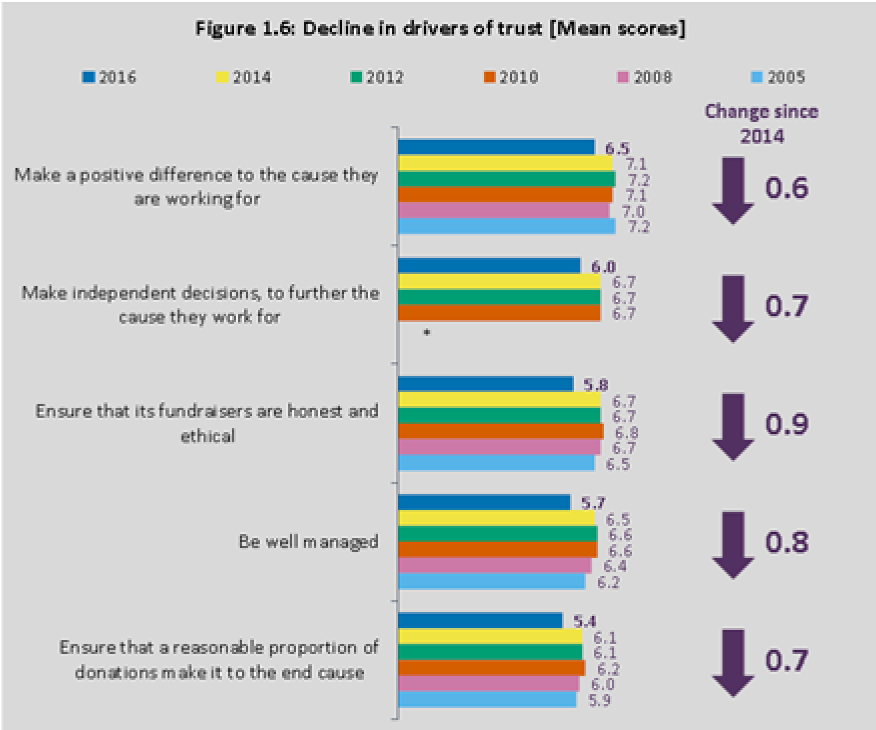
> " Charities play a vital role in society and this report shows that the public still overwhelmingly believe that. But public support cannot be taken for granted and these results show that action is needed to restore public confidence. These results are a call to action for everyone who values public trust in charities."

Sarah Atkinson, Director of Policy & Communications, said:

> " A fall in trust is not unexpected after a very difficult year for charities. But if charities know what matters to the public, they can regain their trust. This research tells us a lot about the drivers of public trust.
>
> The public wants to see charities explain more and account better for how they manage and spend their money. They want to see honest and ethical fundraising, and they want to know that charities are making a positive difference to their causes. We can also see that when people know more about a charity their trust and confidence in charities generally increases.
>
> There are positive signs in the sector already, with a new fundraising regulator, a new Charities Act, and with many charities responding positively to the challenge to address public concerns. But there is more work to do to win back trust.
>
> As for the Charity Commission, we know that the actions of a few can affect the way all charities are viewed. Our role in tackling abuse and bad practice supports public confidence. We will be doing more to promote and improve the register of charities, to help people understand more about the work of individual charities and the sector as a whole. We can also do more to help the public understand our work."

Appendix 2. Public trust and confidence in charities. Populus (2016). Public trust and confidence in charities. pp. 13 - 18.





Appendix 3. Drivers of public trust and confidence in charities. Populus (2016). Public trust and confidence in charities. pp. 24 - 28.