

Doing well by doing right: A fundraiser's guide to ethical decision-making

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- *The level of trust a prospective donor has in a charity will, in part, determine whether the individual chooses to support the charity as well as the amount of that support. A key factor involved in trust is an organization's ethical standards. Donors prefer to make donations to organizations that maintain the highest principles. If an organization can consistently make the best possible, most ethical decisions, it will be recognized as being an ethical institution, which in turn will enhance the trust it engenders, and, therefore, the support it can attract. A number of ethical decision-making models exist. Adopting a decision-making model will ensure that a methodical approach is used and that the incidents of rash decision-making will be reduced. Using an ethical decision-making model will help individuals arrive consistently at the best solutions to ethical dilemmas, defend those decisions, enhance public trust, secure more donors, and raise more money. The value of sound decision-making and effective ethical decision-making models are reviewed in this paper.*

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Introduction

True development professionals want to behave ethically. Most believe they are already behaving ethically and striving to make correct choices. However, great challenges stand in the way between the desire to make ethical decisions and the ability to actually do so. Extreme goal pressures, lack of experience, dilemmas without clear solutions, superiors who do not understand fundraising and the ethical standards associated with it, and other complications conspire to complicate the life of even the most ethical of fundraisers. The

unfortunate result can be less than ideal decisions that are difficult to justify and which keep a nonprofit organization from realizing its full fundraising potential. Fortunately, by relying on a strong code of ethics and a sound decision-making model, those who want to behave ethically will be well equipped to make highly ethical, defensible, and productive decisions. By making the best possible decisions, development professionals will generate more donors and raise more money for their organizations while enhancing their own marketability as ethical and highly successful professionals.

Misconceptions

The major obstacles to the study of ethics include a number of significant misconceptions

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on the subject (Daigneault and Navran, 1998). By looking beyond these common misconceptions, professionals can learn the benefits of strong ethical decision-making and how to make the best choices.

Believing that “good” people do not need to worry about ethics training, many often ignore the subject relying instead on their reflexes when challenged. The reality is that learning about ethics and sound decision-making helps good people to take the kind of action they aspire to take when faced with complex situations. In addition, by following a code of ethics and taking a deliberative approach to decision-making, fundraising professionals will be able to make the best possible choice even when faced with no clear correct answer and will be in a better position to justify that decision to the organization’s stakeholders.

For many, making sound ethical decisions is simply a matter of common sense. These people believe Walt Disney’s Jiminy Cricket when he says, “Let your conscience be your guide.”

The Association of Fundraising Professionals offers a number of relatively simple suggestions for testing decisions:

“The Vision Test—Can you look yourself in the mirror and tell yourself that the position you have taken is okay? If not, don’t do it.

“The What-Would-Your-Parents-Say Test—Could you explain to your parents the rationale for your actions? If you could look them in the eye and not get a quizzical response, or be sent to your room, then proceed.

“The Kid-On-Your-Shoulders Test—Would you be comfortable if your children were observing you? Are you living the example you preach?

“The Publicity Test—Would you be comfortable if your decision appeared on the front page of the [newspaper] tomorrow? Or was mentioned on the nightly news?” (Rohrbach J. 2001. *Ethics and philanthropy: looking at some fundamentals and emerging issues*, lecture delivered at the AFP Franklin Forum).

However, while common sense is important to resolving ethical dilemmas, it is a limited tool. “Testing” decisions is also of limited value

unless a sound decision-making process has preceded it. Frequently, an ethical dilemma will involve conflicting values for the individual or a conflict between the individual’s personal values and those of the organization. Also, an ethical dilemma could involve an issue that is beyond the individual’s experience and, therefore, beyond “common” sense.

Others believe that if something is legal, it is ethical. The reality is that society first decides what is ethical or unethical, and then may choose to codify that into law. Therefore, many things remain unethical despite the fact that they might be perfectly legal. For example, development staff members who receive commission-based compensation linked to the money they raise are operating legally in virtually all countries despite the fact that most fundraising codes of ethics from around the world frown on this practice. Making matters even more complex is the fact that political fundraising is most often regulated differently and guided by a different set of ethical standards around the world. For example, commission-based compensation is a common practice when paying political fundraising staff.

Perhaps, the most dangerous misconception about ethics is the belief that it is a soft issue that does not directly impact organizations. The reality is that organizations that are perceived of as ethical will attract more volunteers, recruit better staff, and even raise more money than would otherwise be the case.

Benefits

A study conducted by researchers at the Henley Management College in the United Kingdom found that “there would appear to be a relationship between trust and a propensity to donate” (Sargeant and Lee, 2002). Trust cannot be assumed; it must be earned. Charities enjoy somewhat higher degrees of public trust compared with government, banks/building societies, insurance companies, police forces, armed forces and utility companies (Sargeant and Lee, 2002). However, nondonors place significantly less trust in charities than do

donors. If nonprofit organizations are to attract new supporters, they will need to develop methods to build public trust. Furthermore, “there is some indication here that a relationship does exist between trust and amount donated, comparatively little increases in the former having a marked impact on the latter” (Sargeant and Lee, 2002). So, trust impacts both propensity for giving and the amount given.

According to a report issued by Independent Sector, a United States based coalition of over 700 major nonprofit organizations, foundations and corporations, “The public is demanding a greater demonstration of ethical behavior by all of our institutions and leadersTo the extent the public has doubts about us, we shall be less able to fulfill our public service” (Independent Sector, 2002).

When trust is compromised, fundraising efforts can be negatively impacted even if the mistrust is unjustified. For example, in Scotland in May 2003, *The Sunday Mail* newspaper published a report highly critical of the professional fundraising company Solutions RMC and its work for a breast cancer research charity. The controversy had an impact throughout the charity sector in Scotland, even impacting charities that never worked with Solutions RMC. Some cancer charities saw a downturn in contributions as high as 30 percent in the months following the controversy. By year-end, as public trust began to recover, so did giving (Watt A. 2004. Ethical fundraising: what are the challenges facing an individual in developing an organizational ethical policy?, lecture delivered at the AFP International Conference).

Simply put, when the public has less confidence and trust in individual charities or the sector as a whole, they give less; when confidence and trust increase, so does giving. “In IS’s latest study of giving and volunteering, conducted in 2001, those who have a high confidence in charities as well as believe in their honesty and ethics give an average annual contribution of about \$1800. This is about 50 percent greater than the amount given by those

sharing neither opinion, who average just over \$1200 in annual household contributions to charity, once again underscoring the strong connection between public trust and giving” (Toppe and Kirsch 2002).

Individually and collectively, nonprofit organizations can do many things to build public trust. In particular, nonprofit organizations must work to convince donors that the monies donated will get through to and have an impact on those receiving service from the charity. Individuals also want charities to communicate more effectively and to solicit with less pressure. “It would further appear that where donors believe that the management of a particular organization exercises good judgment, higher levels of trust may result” (Sargeant and Lee, 2002). In short, one way in which organizations can enhance the public trust is to maintain the highest ethical standards and to communicate this commitment to donors and prospective donors.

Codes of ethics

Codes of ethics provide valuable guidelines for ideal behavior. Maintaining an organizational ethics code and communicating it to all stakeholders can enhance trust in the organization. In particular, it is important for those responsible for resource development to subscribe to a fundraising ethics code as staff tries to enhance relationships with donors and prospective donors. Subscribing to an ethics code and making ethically sound decisions can build public trust.

Professional fundraising associations around the world maintain ethical codes. In 2003, the Association of Fundraising Professionals, the Institute of Fundraising (UK), and the Fundraising Institute of Australia hosted the first international summit meeting of professional fundraising associations from 21 nations. A review of the 10 ethics codes submitted revealed great similarities despite the cultural differences among participants. At the second summit held in October 2004, participants created a taskforce to prepare a draft international code of fundraising ethics.

Using a code of ethics can help fundraising professionals make sound decisions. Codes provide clear answers to some questions on what is right or wrong. For example, the *AFP Code of Ethical Principles and Standards of Professional Practice* are quite clear on the question of whether development staff should be compensated with commissions based on monies raised; AFP clearly rejects commission-based compensation (AFP, 2002). Sometimes, codes are less specific but nevertheless provide useful guidelines when dealing with an ethical dilemma.

“I tell people all the time that a code is a guide and while it sets parameters for behavior, there will almost always be gray areas. Ethics is about every day choices, and some are clear and others are not. For this reason, no code can address all ethical dilemmas. The code can provide guidance, but it is not definitive” (Maehara PV. 2003. CFRE, CAE, President and CEO of AFP, November 14), says Paulette V. Maehara, CFRE, CAE, President and CEO of AFP.

While ethics codes can inform the decision-making process, codes cannot be relied upon to always provide the answers themselves. To make the best possible decisions when the answer does not rest explicitly in a code and

when a clear answer is not readily at hand, a decision-making methodology can help the perplexed and ensure all stakeholders that the ethical dilemma will be resolved with great thought rather than whim.

Decision-making models

To help maintain and enhance the public trust, organizations must make high-quality decisions on a consistent basis. Arriving at the best possible outcome, rather than a merely satisfactory solution, requires a detailed decision-making framework. It requires taking the necessary time, gathering critical information, and involving the appropriate stakeholders. “Organizations that routinely utilize ethical decision making practices will be much better prepared to handle a crisis when it hits” (Independent Sector, 2002).

Dr. Marilyn Fischer believes, “Making a good ethical decision rests, in part, on whether one has asked enough good questions” (Fischer, 2000). When making decisions, she argues that one should consider three ultimate areas of concern: organizational mission, relationships, and personal integrity. When confronted by an ethical dilemma, first clearly identify the problem. Then, using a chart (**Figure 1**) note

PERSPECTIVES	ALTERNATIVES		
	1	2	3
ORGANIZATIONAL MISSION: Does this alternative promote or detract from the organization's mission or fundamental purpose? Basic philanthropic values?			
How does this alternative affect those ultimately receiving the services?			
RELATIONSHIPS: Does this alternative strengthen long-term relationships with colleagues, donors, volunteers and the community?			
PERSONAL INTEGRITY: In what ways does this alternative help or not help you develop into the person you want to become? How does it strengthen or weaken your Personal Integrity?			

Figure 1. Ethical decision-making chart

all possible resolutions for the case. Be sure to consider the absurd as well as the obvious. By considering the full range of possibilities one is more likely to exercise greater creativity than would be possible if operating with filters. In addition, by including obviously unethical alternatives, insights that can apply to less clear-cut solutions will be discovered and the task of identifying better solutions will be easier. Once all possible solutions are noted across the top of the chart, one is ready to answer a series of questions, one possible solution at a time.

Organizational Mission: Does this alternative promote or detract from the organization's mission? Basic philanthropic values? How does this alternative affect those ultimately receiving the services?

Relationships: Does this alternative strengthen long-term relationships with colleagues, donors, volunteers, and community members?

Personal Integrity: In what ways does this alternative help or not help you develop into the person you want to become? How does it strengthen or weaken your own integrity?

When answering the above questions, one will be informed by his or her organization's culture, professional code of ethics, general cultural mores, and personal religion and values. Unfortunately, despite all of the inputs and a carefully implemented methodology, an "ethically correct" decision will seldom be yielded. Instead, arriving at the "best" decision may leave one still feeling a bit uneasy. Yet, the goal is to indeed arrive at the best possible decision rather than a possibly elusive ethically perfect decision. By weighing the ultimate concerns of all stakeholders and considering the full facts of the particular situation, one can arrive at a reasonably sound conclusion. Despite a complex methodology, decision-making always remains a matter of judgment. Frequently, there may be no one right answer. However, plenty of wrong alternatives will be identified and, after careful reflection on the situation in terms of the three ultimate concerns, the wrongness of the wrong answers will be clearer. The decision maker will then be

free to choose from among the other alternatives with sensitivity and sound judgment (Fischer, 2000).

The Josephson Institute has developed yet another model (Josephson, 2002) for ethical decision-making. While not specifically designed for fundraising professionals as the Fischer Model was, it nevertheless can be of value to the profession and, in some ways, complements the Fischer Model. The first step is to "Stop and Think." Many inappropriate decisions are the ones made in haste. By taking a pause, one is less likely to make a rash decision based upon anger, convenience, pressure, or other urgent stimuli. Taking the time to actually think through a situation is what actually engages an effective decision-making process.

The second step is to "Clarify Goals." This is an important step because it allows one to consider both the short- and long-term impacts of one's actions. In the case of fundraising, it allows one to consider both fundraising goals as well as broader institutional goals, both short- and long-term.

The third step is to "Determine the Facts." One should identify what one knows and then what one needs to know. Once information is compiled, the credibility of sources must be considered. Also, information from different sources may present different and, at times, conflicting details about the same topic. Determining what information is valid is part of the decision-making process.

The fourth step is to "Develop Options." One should identify as many potential options as possible given the facts at hand. To develop a more complete list, one can consult with other stakeholders. The objective is to try to identify several options and not just one or two.

The fifth step is to "Consider the Options." By visualizing the consequences of each option, one can better identify the best solution. When considering the various options, one should consider how it would impact all stakeholders. Also, one should filter the options using the following values: trustworthiness, respect, responsibility, fairness, caring, and citizenship.

The sixth step is to "Choose." In other words, this is the step where one actually

makes the decision by selecting one of the options to implement. To help with the decision, one can enlist the input of well-respected individuals. One can also test the quality of the decision by asking: What would the most ethical person you know do? What would you do if you were sure everyone would know? Does it fit the Golden Rule: do unto others, as you would have them do unto you?

Although the sixth step involves choosing an option, the process does not end. The seventh step is to "Monitor and Modify." "Since most hard decisions use imperfect information and 'best effort' predictions, some of them will inevitably be wrong. Ethical decision-makers monitor the effects of their choices. If they are not producing the intended results or are causing additional unintended and undesirable results, they reassess the situation and make new decisions" (Josephson, 2002).

Conclusion

Maintaining and enhancing public trust is essential for organizations that want to raise money. One way to build trust is to consistently make high-quality decisions. If an organization consistently makes highly ethical decisions, can defend those decisions, and is seen as being careful and deliberative when acting, that organization will engender greater public trust. While other factors certainly impact trust, ethical decision-making is a critical element.

The greater the level of trust that a prospective donor has in an organization, the more likely that individual is to make a donation, and the larger that donation will be. "Trust is the ultimate goal in any solicitation. Once you have the person's trust, you will most likely have a positive response" (Bowden, 2004).

Unfortunately, a vast segment of nondonors, and even many donors, remain distrustful of the nonprofit sector. To be successful, charity managers, and fundraising professionals in particular, will need to identify ways to build trust between the organizations and donors and potential supporters. There are a variety of methods for building trust. Fundamentally,

making ethically sound decisions will help build public confidence in an organization.

By committing to a code of ethics or standards of professional conduct, by communicating this commitment, and by using these tools among others to inform a sound decision-making process, nonprofit organizations can achieve stronger fundraising results.

The benefits for development professionals are many. By utilizing a decision-making methodology, one will make better decisions. This in turn will help the individual be more successful in their professional efforts while remaining sensitive to one's own values. It will also help the individual to defend controversial decisions and to withstand pressure from other stakeholders with more narrowly defined agendas. This will enhance the fundraising professional's job security and professional reputation thereby enabling smoother career advancement.

The public trust is essential for nonprofit organizations to provide their services in an effective way. Trust is also essential if charities are to raise the financial resources necessary to achieve their missions. By building a reputation for making consistently good ethical decisions, nonprofit organizations and the individuals who work for them, will be better positioned to work with the public. The success this breeds will further engender greater levels of trust and, therefore, a cycle of increasing trust and success will be engaged.

Biographical note

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