Suggestions on the Construction of Credibility of Charitable Organizations in China from the Perspective of Social Capital

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Abstract. The thinking of charity can be traced back to the early years. Laotzu regards “charity” as the first merit of the “three treasures”, love thought of Confucius, benevolence advancement of Mencius and Mocius’s concept of universal love are China’s simple charity thoughts. The creeds of the Confucianism, Buddhism and Taoism all present thought of charity. Confucianism focuses on kindheartedness. Buddhism focuses on charity. Taoism focuses on retribution of good and evil. All shows that China’s charitable culture has been inherited so far with its long history. In the guidance of this charity culture, China’s charity has developed so rapidly that more and more charity organizations have appeared, and the scale of the organization has gradually expanded, to bring our charity initial progress. While with the successive exposure of charitable organizations credibility crisis, China’s charity organizations are facing a major test in the development process, whose credibility has suffered a great fall. Credibility is the foundation of the development of charity and the source of development. Without credibility, there is no guarantee on development of charitable organizations, and charity will be difficult to carry out. And the credibility of charitable organizations is one of the compositions of social capital, and the improvement of the credibility will increase the social capital stock. The social capital can be converted into other forms of capital in certain conditions, which is essential for the development of charitable organizations. It is a constructive choice to improve the credibility of charity organizations, to excavate the potential social capital, to reorganize the existing social capital, to cultivate the new social capital, and to continuously improve the social capital stock. Social capital mainly consists of institutional norms, social trust and participation in the network. So, the paper will explore countermeasures and suggestions to strengthen the credibility of charity organizations through the following three aspects.

1. Background

With the development of the times and the continuous progress of society, philanthropy plays an increasingly important role in the process of social development in our country, and is regarded as a “lubricant” to alleviate social contradictions. Philanthropy as an important part of the social security system, its development have an important role on improving people’s livelihood, promoting social harmony and stability, promoting social civilization and progress. The 18th National Congress of the Communist Party of China made it clear that it was necessary to “improve the social welfare system and support the development of charity”, and at the end of 2013, Decision of the Central Committee of the Communist Party of China on Deepening the Reform of Some Major Issues that was issued at the Third Plenary Session of the 18th Central Committee of the Communist Party of China (CPC) again stressed that “improve the tax relief system of charitable donation, support the philanthropy to play a positive role in helping the poor” and “focus on nurturing and giving priority to develop Chamber of Commerce of trade associations, science and technology, public charity, urban and rural community service social organizations”. All these show that The Party and the
State attach importance to the development of charity. The charitable organization as a carrier of charity, since the 90s of last century, had a rapid development in China. It is reflected by extensive scale and number of charitable organizations. According to the data in China Charity Development Guide that published by Ministry of Civil Affairs in July 2011, by the end of 2010, the number of various social organizations registered in the civil affairs department reached 440,000, of which the number of the Foundation was 975 from 2005 to 2200. At the same time, with the continuous accumulation of personal wealth, and the continuous enhancement of civic charity awareness, more people are willing to contribute to charity. The promotion of people devoting the charity enthusiasm has great significance to the development of China’s charity [1].

However, from the beginning of donations negative news of the Red Cross after 2008 Wenchuan earthquake, China’s charity credibility crisis events were frequent. Until 2011, the outbreak of “Guo Meimei event” reached its peak. The Red Cross cannot change the image with lack of integrity, mismanagement after a series of rescue measures, credibility almost reached freezing point. In recent years, in order to protect the healthy development of China’s charity, the Ministry of Civil Affairs and other relevant departments continue to introduce relevant policies of charitable organizations management and expedite the implementation, continue to promote the open process of charitable organization [2,3]. However, at the end of 2013, the unknown money events of sweet angel Foundation again triggered a public hot debate, but also attracted the attention of the CCTV media and civil affairs department, China’s “the pain of charity” once again led to public dissatisfaction, the credibility of charitable organizations faced the unprecedented crisis. The trend of charitable organizations credibility is worrying, its integrity image and internal management issues once again aroused widespread concern in society as a whole.

According to the monitoring results of 500 public charity organizations samples and the “2012 China Charity Transparency Report” completed and published by the China Charity Contribution Information Center, in 2012, the “Annual Transparency Index” of the public charity in China was 45.1 (total points is 100). Credibility is the lifeblood of charitable organizations, and the lack of credibility will undoubtedly exacerbate the development plight of charitable organizations in China. Over time, dishonesty of charitable organizations will threaten the entire social credit system, the consequences are serious. In this context, exploring a suitable for China’s national conditions, in line with the governance credibility crisis model of development characteristics of charitable organizations in China is particularly important. Based on the above background, from the perspective of social capital, this paper explores the effective way of governing China’s charitable organizations credibility crisis to strengthen credibility construction.

2. Strengthen Self-construction of Organization and Foster the Culture of Social Trust

First, strengthen self-construction of organization, and improve the self-restraint mechanism. For credibility construction of charitable organizations, it is essential to strengthen their self-construction, which is the fundamental organization of credibility. Self-construction of charity organizations includes internal management system, financial system, information disclosure system, talent selection system and so on.[4] Only when the management of norms has completed, could charitable organizations return the trust of society and improve credibility.

Internal management of organizations mainly reflects in the three aspects: people, money and objects. In the talent selection system, we should gradually establish the mechanism of public selection and competition mechanism, to enrich the charity organization through open recruitment. In terms of personnel training mechanism, we should strengthen the education and training of organization members. On one hand, we focus on vocational and technical training, on the other hand, we should also strengthen the professional ethics education of the member’s moral standard and service consciousness. In the personnel management mechanism, we should strictly manage the standards and regular assessment, to avoid slackness or inaction. We should also focus on the principles of the two-way incentives of employees to develop a standardized reward and punishment system to reward staff for their excellent performance and punish those slack employees [5,6]. Due to the special nature of the charity organization, members of the organization
are only a small number of full-time, but more members are part-time or enthusiastic charity volunteers. For their mobility of these numbers of volunteers, management is prone to hidden dangers. Therefore, we should focus on strengthening the construction of volunteer teams, and strive to build a noble sentiment, professionalism and professional skills of the charity team.

We should be strictly abide by the provisions of national financial regulations for the organization of financial management, which includes the source of funds, use and expenditure reasons, clear records of the number. Charitable organizations should carry out internal audit work periodically in the form of mutual investigation different agencies, and between different departments to earnestly guarantee the standardization of financial work of charity organization.

Second, excavate the potential social capital and cultivate a culture of social trust. Cultural penetration and impetus are very significant for the development of charity, since ancient times we have always attached great importance to the construction of good faith culture. And now, “on the cultivation and implementation of the socialist core values of the views” issued by the Central Office, we integrate integrity into the socialist credible value system, which has showed the emphasis on the construction of social integrity of the party and the state. Trust is a kind of culture and even a kind of potential social capital. The environment of good integrity is not only conducive to the development and operation of the organization, but also conducive to cultivation of the public awareness of integrity. In the face of the current lack of honesty and dishonest behaviors in China, the government is working hard to build a social credit system, which is aiming at combating dishonesty, preventing the crisis of dishonesty and improving economic efficiency. The current social credit system includes public credit system, corporate credit system and personal credit system. We should join the third sector of the credit system on this basis, especially for charitable organizations which is the representative of non-profit organizations. The formation of social trust culture is a soft constraint to charity organizations, which can promote charity members to regulate their own behaviors and avoid the occurrence of dishonesty. In addition, we should put emphasis on strengthening the construction of culture integrity, vigorously carrying forward the spirit of good faith, widely spreading the concept of integrity, and actively creating a good atmosphere conducive to the formation of social integrity fashion. The overall improvement of social integrity level will further enhance the overall stock of social capital.

3. Improve the Charity Supervision Mechanism and Improve the Legal System Norms

3.1 Improve the legal system norms, and keep legal protection open and transparent

The lack of law related to charity is also one of the reasons for the lack of credibility, so charity legislation is imperative. At present, there are only the “Red Cross Law of the People’s Republic of China” and the “People’s Republic of China Public Welfare Donation Law”. Other relevant rules and regulations are limited to administrative regulations, departmental rules and regulations. At present, the state has not yet settled a unified charity law, which causes the lack of authority in the charity legal environment, and restrictions to legal bindings for charitable organizations. So, we should accelerate the introduction of charity law, to ensure that there are laws and regulations to abide by.

3.2 Improve the external supervision mechanism, and ensure the normal operation of system protection

External supervision mainly includes government supervision, industry supervision and social supervision, in which social supervision mainly shows in the media and the public of these two aspects. The improvement of external supervision is conducive to the formation of the constraints and deterrence of charity organizations, standardization of charity organization actions and improvement of the efficiency of charity organizations to win public trust.

At present, the supervision of government departments for charity organizations is still the most important force of the regulatory system. In order to ensure the healthy development of charity, government departments should increase supervision of charity organizations, which audit, tax,
judicial and other departments should be responsible for their own responsibility with the formation of regulatory systems. We should gradually form an accountability mechanism, the accurate responsibility position, to ensure that the regulatory work should be effective. Secondly, the biggest advantage of social supervision lies in broadness, which can effectively make up for the lack of government supervision, and includes media supervision and public supervision. The media is not only the main communicator of public opinion, but also an important leader influencing public opinion, which has a strong guiding effect on the public. The public, as a charity participant and donors of funds, the public’s wills are directly related to the level of organizational credibility. We should actively use the advantages of social supervision to smooth social monitoring platform, and encourage the media and the public supervision to charity organizations. Then, we should start the introduction of independent assessment of the ability of third-party institutions to improve the charity organization supervision system. The third-party assessment agencies are more independent and professional, and more reasonable and scientific to supervision of charitable organizations, which are more likely to be the public’s trust.

4. Integrate Existing Social Capital, and Expand Charitable Participation Network

First, expand the charity to participate in the network, and establish smooth information disclosure platform. Participation network of charity organizations includes the government, the media, the public, donors, recipients, philanthropists, and other charitable organizations. Charity organizations can effectively acquire social capital through social interaction with other members involved in the network, such as acquirement of recognition, trust and support of other members. The accumulation of social capital for charity organizations could bring more resources and influence, which is conducive to the building of credibility. Specifically, first, charitable organizations should focus on good interactions with the government, and obtain government support as much as possible in the principle of independence, including financial support and policy support. Second, we should focus on cooperating with the media. Charitable organizations should strengthen their cooperation with the media, to increase the publicity of outstanding charity projects to expand the organization’s influence. The relationship with the public must be strictly grasped for charitable organizations, because the public are not only the donors and the credibility of the evaluation of the main body. Smooth public participation mechanism and information disclosure platform have a positive meaning for improving the credibility of charitable organizations.

Second, integrate the existing social capital, and increase the social capital stock. In the search and excavation for potential social capital, cultivate new social capital, at the same time, we should focus on the integration of existing social capital, which we can increase social capital through the effective consolidation of existing social capital. This organic integration among government, market, social multi-party strength, can establish multiple cooperation model, which covers the government, charitable organizations, enterprises, media and so on. We can maximize the use of the cause of charity to maximize the benefits through using their respective advantages by cooperation, and making up for the lack of charitable resource. Through the integration and re-use of social capital re-use, we can not only avoid the waste of existing resources, but also play a greater role in increasing the social capital stock of charitable organization, to enhance the credibility of charitable organizations.

With the development and progress of our times, charity organizations have more and more roles and attentions of more people. What’s more, China’s charity organizations also ushered in a rare opportunity for development. However, in this process, the frequent occurrence of the credibility of the crisis for the development of charitable organizations has cast a shadow. Credibility is the lifeline of charitable organizations, and if there is no public trust, charitable organizations can not run smoothly, and charity is unable to carry out. The lack of credibility is the most important manifestation of the plight of charitable organizations, whose fundamental reason is that the lack of social capital of charitable organizations, including the lack of social trust, the lack of rules and regulations and the limitations of participation network and so on. Therefore, we must increase the charitable organization from the stock of social capital to strengthen the credibility of charitable organizations, and to reverse the credibility of charitable organizations crisis.
According to the three main elements of social capital stock, we can take measures mainly from the norms, trust and network of these three aspects, namely, to cultivate the integrity of cultural awareness, to improve the organizational rules and regulations and enhance participation in the network interaction. Since ancient times, our country has the traditional virtues of benevolent and helpful to others, which form our simple charitable system of thought, and deeply roots in the people’s values and ideology. With our continuous accumulation of personal wealth and the growing awareness of charity, more and more people are willing to put into charity. This is an important opportunity for the development of charitable organizations in China, while the lack of credibility of charitable organizations hinders people’s awareness and behaviors in charity. To regain the trust of the public, charitable organizations still has a long way to go, and increasing the social capital stock is one of useful ways to be conducive to enhancement of the credibility of charitable organizations.

Reference


