

## DEVELOPING TRUST AND COMMITMENT AMONG NON-PROFIT COMPANIES: THE CASE OF THE FOOD BANK IN CALI, COLOMBIA

JOSE ROBERTO CONCHA VELÁZQUEZ, PH.D., UNIVERSIDAD ICESI, CALI, COLOMBIA  
jrconcha@icesi.edu.co

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### **Abstract**

The most recent trends and research findings clearly show that the markets have experienced a significant change. Stakeholders in the market have shifted their orientation. They are now more focused on relationship marketing than on transactional marketing. Given the fact that relationship marketing is tightly linked with long-term time horizons, trust between the parties plays a very important role.

This study analyzes the factors that have an impact on trust among non-profit companies. The researchers follows an empirical approach, focusing on showing the characteristics of and relationships between donors and non-profit companies, and how these relationships affect the trust which develops between the parties.

The study was conducted at a non-profit company called “Banco de Alimentos” (food bank) in Cali, Colombia. It involved interviewing 68 donors in total, including companies from different economic sectors (i.e. manufacturing, public sector, financial sector, services, business, and healthcare) as well as individuals.

The results demonstrate that non-opportunistic behavior and non-material benefits, as well as communication between the parties, have a direct influence on developing trust, which in turns generates commitment. Shared values and material benefits did not have any impact on the model. The study provides ideas for non-profit institutions about the importance of developing trust among their donors.

## **Introduction**

Nonprofit organizations (NPOs) operate in a highly competitive environment argues that competition from the increasing number of NPOs, combined with a decreasing funder pool, (Pharoah and Tanner, 1998) has led many NPOs to increasingly rely on a small number of key funders (Sargeant, 2001). Some researchers as Burnett (1998), Sagawa (2001) y Sabo (2002), propose that for assuring their survival the NPOs should concentrate on maintaining and developing relationships with existing funders and the only way to achieve these is through the level of trust.

This document describes an investigation made to material and non-material donors (natural and legal persons) from nonprofit organization CALI-COLOMBIA FOODBANKING. The main objective was to measure the level of trust and commitment, as well as other important factors that influence organizations today.

## **Non-profit Organizations**

Nonprofit organizations can be defined as a heritage contributed by natural and legal people that are considered as founding members to carry out a social work for the benefit of the community. These natural and legal people make contributions in cash or in goods, but with economic value to conform a capital for social role.

The foundations are legal organizations, whose main object is the provision of services that benefit the community. The capital contributed by the founders will

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give support in education, health, the sustainable development of a community which improves the quality of life of its inhabitants.

The equity or capital provided by the founding members ceases to belong to them to be from the endowment and it must produce yields to fulfill the purpose for which they were created.

The difference between foundations with other forms of organization, such as commercial companies, are that the utilities they produce are not divided between partners, they apply as noted above the fulfillment of a social benefit, this is why they are called non-profit organizations.

The principal purpose of the organizations is to benefit the community that is why utilities are for the organization and not for the individual partners. The Foundation can do business in a commercial way. If they enter in business with commercial contracts, the utilities that are obtained will go to the resource fund to benefit the social activities.

## **The Food Bank**

The Food Bank of Santa Maria in Phoenix Arizona is the oldest in the world, was founded in 1967 by John van Hengel. In 1965, van Hengel was volunteering at St. Vincent de Paul, collecting donations for the community dining room. Van Hengel learned that grocery stores disposed of food with damaged packaging or was near expiration. Armed with this knowledge, van Hengel met with grocery store managers across the Valley, persuading them to donate the edible but unsalable food to St. Vincent de Paul. Soon van Hengel was receiving more food than one dining room could use. He approached St. Mary's Basilica with the idea of creating a central location where social service agencies could get the food they needed to serve their clients at no cost.

The response from St. Mary's was \$3,000 and an abandoned building - the world's first food bank was born. In 1976 van Hengel established America's Second Harvest, the nation's largest domestic hunger-relief organization and in 1986 founded Food Banking Services, a consulting firm for food bank startups. Integral in the passing of the Good Samaritan Act, van Hengel changed the way the world looks at hunger and its relief.

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## **The Food Bank in Colombia**

There are currently 25 food banks that are distributed in 24 cities in Colombia. The Food Bank is directly linked with the Archdiocese of each city.

In 1999 appears the first Food Bank of Colombia in the city of Medellin and months later was born in the city of Cali, under the tutelage of Monsignor Isaías Duarte Cansino.

Cali is a city of 2'500.000 inhabitants that had a great development in the last decades of the 20th century, but in the recent years has become a scene of contrasts for various reasons from the crisis that shook Colombia; Cali for example, has been one of the most affected cities. After closure or companies moving to other cities, the unemployment rate has occasionally increased to 20%, generating a large impoverishment and ensuing starvation. This situation has become worse even with the large number of displaced people of the regions around which have reached journal widening misery belts surrounding the city.

The Bank of food, in Cali is an entity constituted non-profit in accordance with the ecclesiastical and civil provisions applicable to this type of entity. The institution was born with the mission to solve the problem of hunger in the city, serving as an intermediary between donors and beneficiaries. The company's philosophy was the following:

- Work in search of commitment towards not only companies and organizations, but all the social actors, individuals and institutions that are socially responsible.
- Ensure that those who benefit receive support for sustainable human development.
- Overcome a paternalistic and existential emphasis based on respect for the dignity of the human race and try to restore their confidence.
- Maintain independence from any political commitment as a guarantee of an act free, without differentiation of faiths, races, or custom.

## **Donor Relationship with Nonprofit Organizations**

Literature settles that there are different motivational factors for natural and legal people who sponsor nonprofit organizations. These include: corporate

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image (Scott, 2000; Polonsky and MacDonald, 2000), tax exemptions (Allen, 1999; Foran and Theisen, 2000), interest in the ideals of the nonprofit organization (Werbel and Carter, 2002). However Sargeant and Lee (2001) found that trust in non-profit organizations is a key factor that is associated with the motivation and intention to maintain the relationship long term. Trust has been associated with positive organizational results that have benefited both the Organization and society. These include: reduce the effect of poor economic conditions(e.g.) Taylor (1996); competitive advantage in the long term (Silipaa and Wheeler, 1998), successful financial in the long term (Collins and Porras, 1998) and innovative solutions to the problems of the organization. The case of non-profit organizations is very particular, because even though there is a contribution from a donor this donor does not receive any utilities in exchange.

The Morgan and Hunt (1994) model suggests that commitment is the result of trust. In the case of non-profit organizations, the commitment is important and a key factor because it is the motivational reason that makes people contribute. It is important to identify the way by which donors are committed and at the same time feel trust to the Organization, even though there is no material compensation in exchange.

## **Model**

This model is aimed at demonstrating that shared values, communication, and non-opportunistic behavior are all antecedents of trust.

Trust and communications are antecedents of non-material benefits, which in turn, together with share values are both antecedents of commitment.

## **Hypothesis**

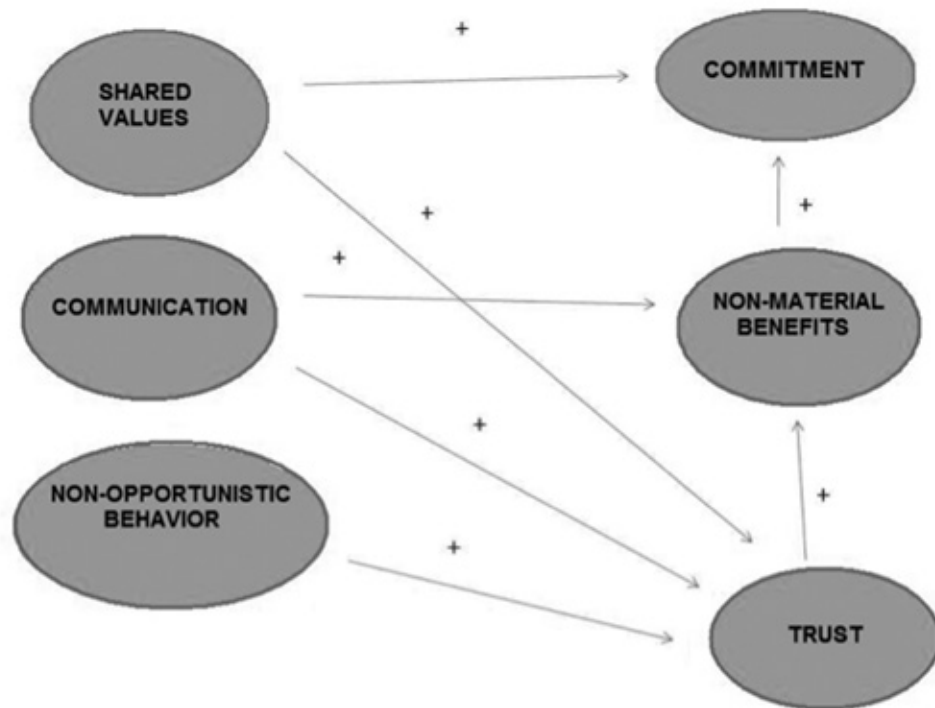
This study proposes the following hypotheses:

### ***Shared Values***

HYPOTHESIS 1: An increase of shared values of non-profit organizations results in an increase of commitment.

HYPOTHESIS 2: An increase of shared values results in an increase of trust in non-profit organizations.

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### ***Trust***

HYPOTHESIS 3: An increase of trust in non-profit organizations results in an increase of non-material benefits.

### ***Non-Material Benefits***

HYPOTHESIS 4: An increase of non-material benefits generates an increase of commitment.

### ***Commitment***

HYPOTHESIS 5: An increase of commitment is associated with an increase of other variables.

### ***Non-Opportunistic Behavior***

HYPOTHESIS 6: An increase of non-opportunistic behavior in non-profit organizations generates an increase of trust.

### ***Communication***

HYPOTHESIS 7: An increase of communication in non-profit organizations generates an increase of non-material benefits.

**HYPOTHESIS 8:** An increase of communication in non-profit organizations generates an increase of trust.

## Research Design

The level of trust at the Colombian Food Bank was selected as scenario for our research study.

The Food Bank in Cali has more than 200 benefactors consisting of corporations, legal entities, and individuals who make their donations in the form of goods and cash contributions. It is run by a team of leaders whose mission is to ensure that the Food Bank is a trustworthy institution to everyone engaged in it by guaranteeing transparent donation management, supplying clear, reliable, consistent and timely information about each transaction, and providing certain benefits to the donors.

The purpose of this study was to achieve a holistic understanding of this relationship and assess the validity of the main concepts used in Morgan & Hunt's (1994) model. The respondents were encouraged to make any changes deemed necessary to suit the context of the surveys. These discussions made it clear that some of Morgan & Hunt's (1994) concepts were suitable, while there were others that needed to be modified. The questionnaire for this research study was developed for the purpose of meeting and confirming the truthfulness of the hypotheses associated with each of the values.

The population size was 201, and the sample size was 68, which accounts for 33% of the population. Out of 68 respondents, 67.6% are individuals, and the remaining 32.3% are legal entities.

The rating scale for the questionnaire ranged from 1 to 7; 1 being the lowest value that indicated total disagreement, and 7 being the highest value that indicated total agreement.

<b>Universe</b>	201
<b>Sample</b>	68

Individuals	Legal entities	Sectors of legal entities			
		Services	Business	Healthcare	Total
67.60%	32.30%				
Total	100%	50%	14%	36.30%	100%

## Conclusion

There are a few studies aimed at measuring trust applied to non-profit organizations. One of the contributions of this study is that it enabled measuring the benefactors' level of trust and commitment to these kinds of organizations.

This research provides valuable knowledge of how non-profit foundations are committed to strategies for developing important benefits for an entire community. For example, commitment, honesty, confidentiality, integrity, and satisfaction of needs are highly important factors that encourage benefactors to trust and have a good relation with these organizations.

Non-material benefits offer the potential to be applied to a wide range of services and non-profit organizations. Organizations can reap non-material benefits by allowing both founders and benefactors to get more involved with their activities, demonstrating their accomplishments, and providing transparency.

Lastly, it is of utmost importance for any organization to have a positive attitude towards a long-term relationship with all its donors. Listening to its founders and benefactors and having a good communication are both equally important when it comes to generating and building trust.

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