

Cooperative Mechanism of Trust Between NGOs in China Context

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Abstract

In recent years, non-governmental organizations appear in large numbers in China. However, due to the development of the NGO in China are still in its infancy, in order to better undertake the social functions and a part of the function of government transfer out, cooperation between non-governmental organizations have become a realistic choice. The process of cooperation between non-governmental organizations, mutual trust plays a vital role, to establish cooperation based on trust, not reach one's aim in one move, but accomplished through a series of steps, including: Trust nuclear generation, to trust the spread of nuclear, temporary building trust relationship, to establish a stable communication mechanism, and finally establish on the basis of trust and collaboration. On the basis of trust cooperation is not spontaneous formation and self improvement, need to establish the corresponding management mechanism, by introducing advanced “third party assessment mechanism” to manage the problems in trust corporation.

Key words: Management; Cooperation; Trust; NGO

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INTRODUCTION

The most determinant factor in the success of cooperation is trust (Gulati & Higgins, 2003; Stuart, 2000; Thorgren & Wincent, 2011; David, 2014). The topic of cooperation and trust are generating increasing interest among management theorists and practising managers. Trust is a fundamental aspect of the moral treatment of stakeholders within the relationship between NGOs. The extension of fiduciary duties to “all others engaged in a joint endeavor or economic exchange” is a hallmark of stakeholder theory (Hosmer, 1995).

The eighteen major report stressed that guide social organization healthy and orderly development, give full play to the basic role of the masses to participate in social management. Innovative social management first need to transform government functions, many social problems require social forces involved in the coordination and resolve to bear some of the functions of transfer from government agencies. Some of the social functions of the government should and can only be borne by the non-market entities. Therefore, the development of non-governmental organizations (hereinafter referred to as the NGO) is an important way to achieve the transformation of government functions. NGO refers to all social organizations outside the government and enterprises, generally has the basic characteristics of the organizations, civil, non-profit, voluntary, and autonomy.

1. ANALYSIS THE STATUS OF NGO IN CHINA

China recognized NGO registered civil affairs departments, contains social organizations, private non-enterprise, foundations. The Ministry of Civil Affairs statistics, the number of registered social organizations, private non-enterprise units and Foundation in Table 1.

As can be seen, the NGO has experienced a leapfrog development over the past decade in our country.

Table 1
Registration Number of Social Organizations in Civil Affairs Departments 1997-2012

| Year | Social groups (ten thousand) | Private non-enterprise units (ten thousand) | Foundation (one) | NGO (ten thousand) |
|------|------------------------------|---|------------------|--------------------|
| 1997 | 18.1 | | | |
| 1998 | 16.6 | | | |
| 1999 | 13.7 | 0.6 | | |
| 2000 | 13.1 | 2.3 | | |
| 2001 | 12.9 | 8.2 | | |
| 2002 | 13.3 | 11.1 | | |
| 2003 | 14.1 | 12.4 | 954 | 26.7 |
| 2004 | 15.3 | 13.5 | 892 | 28.9 |
| 2005 | 17.1 | 14.8 | 975 | 32 |
| 2006 | 19.2 | 16.1 | 1144 | 35.4 |
| 2007 | 21.2 | 17.4 | 1340 | 38.7 |
| 2008 | 23 | 18.2 | 1597 | 41.4 |
| 2009 | 23.5 | 18.8 | 1780 | 42.5 |
| 2010 | 27.8 | 21.3 | 2000 | 49.2 |
| 2011 | 25.5 | 20.4 | 2614 | 46.2 |
| 2012 | 26.8 | 22.1 | 2601 | 49.2 |

Note. Source: China Ministry of Civil Affairs, "2012 Social Service Development Statistics report", 2001 Foundation within social groups.

On the one hand, the NGO in the social field have mushroomed, with the national system, the market system, become a part of China's social system. On the other hand, from the perspectives of the comparison, the current NGO in China is still in the initial stages of development, in particular, the ability to organize all aspects of the degree of development is also obvious in the early stages. The development of the vast majority of NGO are not good, and the proportion of well-developed NGO in China very small. The division of labor and cooperation within the department, self-discipline, department culture, codes of conduct are serious deficiencies.

2. THE NECESSITY OF COOPERATION BETWEEN NGOS

In order to better undertake part of the social function and government transfer functions, the cooperation of non-governmental organizations have become a realistic choice. NGO cooperation in the use of the study is only a limited NGO system outside organizations such as the government or for-profit organizations, as to the organization's own resource asymmetry, Resulting in the two sides often unequal, both the loss of independence and autonomy of the risk, during non-governmental charity organization in cooperation with the government or for-profit organizations. In reality, in order to ensure the independence and autonomy of the organization itself, and ensure the smooth development of activities, the need to carry out various forms of cooperation with other NGO. For example, yiyou youth services center in Shanghai,

in order to ensure the smooth conduct of the activities, to take an objective assessment of their own resources and to establish different levels of varying duration and cooperative relations with other public interest organizations. Dyer and Nobeoka think that the height of the organizational trust, can make both knowledge exchange and sharing of confidential information; Organizational communication and coordination, can successfully development cooperation relations, and make them achieve mutual need resources. Therefore, the establishment of the trust mechanism in the NGO has a vital role to enhance the efficiency of cooperation and results between the NGO.

3. TO ESTABLISH A COOPERATIVE MECHANISM OF TRUST BETWEEN NGOS

3.1 NGOs Trust Game Analysis

NGO composed by various members of society, and the interests of the different members of society constitute the interests of the different NGO. And the interests of society compared to the interests of the NGO organizations to be more extensive. When the organization interests and social interests aligned, the organization in order to realize the common interests and to be positive action, the relationship between NGO is mutual trust cooperation; and when the organization interests and social interests are not consistent, the organization because of self-interest motivation produce organizational behavior and social public interests behavior phase deviation, the relationship between the NGO is a cooperative game. Because of organizational self-serving motives, so sometimes trust and cooperation between the NGO, sometimes competitive game.

This paper will call one NGO game party 1, the other NGO game party 2. Use a game model to analysis the trust cooperation.

Mutual trust between NGO, each get ten units of income; A party because the NGO from motivation choose not to trust, and the other party NGO if choose to trust, will lose five units of income, don't trust party won 15 units of income; both sides because of self-interest motive do not mutual trust and benefits are zero. Various strategic combinations of the payoff matrix as shown in Table 2.

Table 2
Various Strategic Combinations of the Payoff Matrix

| | | Game party 2 | |
|--------------|----------|--------------|----------|
| | | Trust | Distrust |
| Game party 1 | Trust | 10, 10 | -5, 15 |
| | Distrust | 15, -5 | 0, 0 |

In the repeated game and multi-stage game, in order to establish a good reputation and trust decision-making can be maintained. The centipede game is more than a stage of the representatives of the trust game, it is the basic

content of two game party A, B in turn strategy choice, an alternative strategy of “trust” and “distrust”. Assume that A first choice, then B, then A, so alternation. The game between A and B is a limited time number, such as 100 times. As shown in Figure 1.

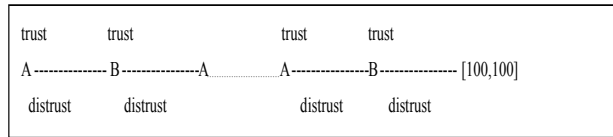


Figure 1
Centipede Game

Players can continue cooperation down, which the key lies in trust income more than self-interest motive to distrust income, If the game party 1 choice don't trust, then there is no possibility of sustained cooperation, and the cooperation immediately end; if the game party 1 select the trust the game player 2 choose not to trust, cooperation end, the only choice is the trust, will it be possible to enter the next stage of the game. So on, it is assumed that the degree of confidence between the parties is a , that can be sustained must be met $10(1+a+a^2+a^3+\dots)=10/(1-a) \geq 15$ (Table 1), that is $a \geq 1/3$. Therefore, as long as the two sides trust reaches a certain level i.e. $a \geq 1/3$, can be permanent trust cooperation down.

In the real life trust cooperation mechanism between NGO is not accomplished in one move, should contain three stages: open the trust network (as shown Figure 2 trust in nuclear generation and diffusion); Consolidation of the trust structure (establish a temporary trust relationships, and trust mechanism of stable communication); Collaborative mechanisms based on trust.

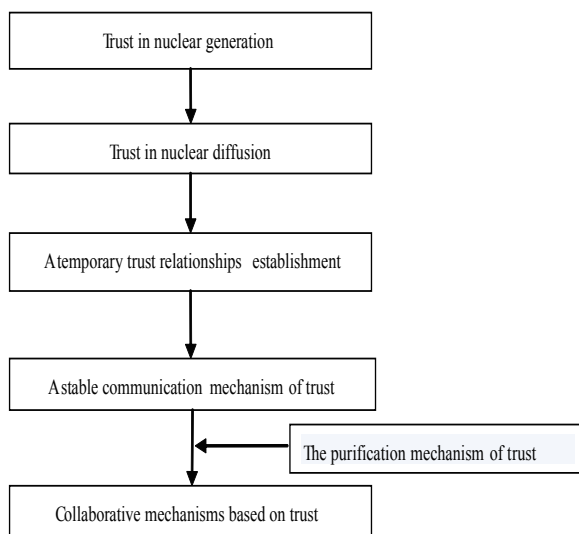


Figure 2
Flow Chart of Trust and Cooperation Mechanism Between NGOs

3.2 Open the Trust Network

3.2.1 Generation of Trust in Nuclear

In the opening of the trust network, the generation of trust in nuclear plays an important role. The degree of trust $a \geq 1/3$ between NGO in interactive cooperation, which is thought to be in trust within the nucleus. Trust in nuclear NGO has high degree of trust, for the performance of the partners not only good faith, but also can mutual risk, even sometimes in order to complete the common goal, sacrifice their own part of the interests, the trust relationship is bidirectional transferrable.

3.2.2 Diffusion of Trust Nuclear

When the degree of trust $a < 1/3$ between NGO in interactive collaboration, these NGO low trust, which the low performance of the trust relationship is rational, able to comply with the commitment, the trust relationship performance for one-way transitive. In daily cooperation between NGO, we can't stare at their local interests, but based on global interests. Government departments need to introduce some accountability and restraint mechanisms to improve the degree of trust between NGO, then to achieve the proliferation of the trust nuclear. The trust relationship from one-way to two-way transmission, and improve the effectiveness of the cooperation.

3.3 Consolidation of the Trust Structure

3.3.1 A Temporary Trust Relationship of Establishment

The proliferation of trust nuclear between NGO, need to establish a temporary trust relationship between a wide range of NGO. Temporary trust relationship of trust built up through personal and work relationships, contribute to the flow of information between each other, but the lack of stable communication mechanism.

3.3.2 A Stable Communication Mechanism of Trust

IN real life cooperation between NGO lack of the repeated interaction and repeated games of chance, to make up for the serious information asymmetry, which can brings trust crisis, need to establish temporary trust relationship, which is established on the base of stable communication mechanism, including formal communication mechanisms and informal communication mechanisms, such as the establishment of the NGO industry associations, according to the different requirements of each NGO cooperation, held a coordination meeting, analysis, seminars, and other formal communication mechanism to determine the various NGO cooperation principles, tasks, etc.; informal communication mechanisms, including the actual process of cooperation between the telephone, e-mail, to improve mutual trust. Stable communication mechanism of trust, brings not only the smooth flow of information, more joint decision-making and to provide basic protection for the execution process of cooperation.

3.4 Collaborative Mechanisms Based on Trust

The establishment of trust purification mechanism, which can remove the influence of the factors of trust, makes collaboration become possible on the basis of trust. The so-called NGO collaboration, refers to the process or the ability of coordination of two or more than two main body of the NGO, which is together to accomplish a certain goal. Due to the current resources within NGO in our country is limited, and action ability is insufficient, in order to undertake part of the government function, cooperation on the basis of the trust between each other, further enhance the credibility of the NGO.

4. COOPERATIVE MANAGEMENT MECHANISM BETWEEN NGO

Cooperation between the NGO is not spontaneous formation, build trust on the basis of the cooperation is not once and for all, need to build a series of management mechanism to regulate these cooperation. In the face of the NGO cooperation in the process of the complexity and difficult, the introduction of advanced “third party assessment mechanism” to manage the problems in trust cooperation. The third-party evaluation mechanism in the NGO management has achieved good results in practice the whole of the foreign, changed the way of direct management by the Government, to improve the management efficiency, change the image of the government; and NGO through effective supervision and to enhance its social order, and improve the ability to move, to expand the social influence. Third - party evaluation mechanism manage through the following aspects of the cooperation between the NGO:

(a) The third party evaluation mechanism evaluation the degree of trust in the cooperation between NGO. Using its persuasive authority report, to provide the whole society the condition about the cooperation between NGO, including activity ability, capital use actual condition, sums up the cooperation success factors, effectively reduce NGO cooperation of bad factors.

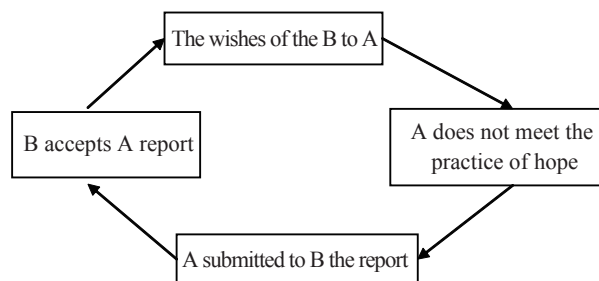
(b) The third - party evaluation mechanism give NGO accountability. Problems in the cooperation process between the NGO, accountability, accountability by a third party organization process, the results generally follow an open, transparent manner, and to the public in a timely manner.

(c) Third-party assessment of an incentive mechanism can stimulate the enterprising spirit of the NGO, and achieved the effect of the survival of the fittest (Wang, 2006, p.6). The evaluation of results is excellent cooperation between the NGO and the government to give some incentives, and serious problems for those assessments, the government needs to be involved in the investigation, making some of the inaction of the NGO rejuvenated.

One of the most focus and core is the accountability of NGO by third-party evaluation mechanism. NGO lacks of organizational structure necessary constraints, which lead to a variety of problems, resulting in a decline in the credibility of the government, society, enterprises and the lack of trust of the people to the NGO. From the trust of stable communication mechanism to the generation of collaboration based on trust mechanism, in which the need to remove the some interference trust factors, therefore, need to establish trust purification mechanism. Trust purification mechanism is to establish a set of NGO accountability mechanisms, to remove interference trust factors. To constitute a third-party assessment by the NGO internal and external stakeholders group of NGO accountability, includes the following aspects:

A. NGO external stakeholders, such as: donors, volunteers, media and partners, etc.; Internal staff through two aspects to the activities of the NGO for accountability, which is making the NGO in the circle of internal and external accountability.

B. Internal and external accountability of NGO subject to a behavior of accountability, then NGO need through the informal or formal way for its behavior and explained that the rationality of its behavior. See Figure 3.



B= NGO internal and external stakeholders; A=NGO

Figure 3
Explanatory Accountability Process

C. Internal and external NGO the accountability of NGO subject and ask the CEO, who need to explain NGO results can illustrate the rationality of the behavior, then reward or punishment. By a series of economic and legal means, including the increase or decrease funding, assessment or reduce the level of implementation of incentive.

CONCLUSION

On the basis of establishing trust cooperation can make NGO effective bear part of the society and the government functions, and to further improve the ability of organization, and realize our country to “great society, small government” the direction of development, and the transformation government function mode. To achieve the collaboration between the NGOs, which is need for a lengthy process, and the establishment of a third-party assessment of accountability mechanisms to manage the problems arising from the cooperation.

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