

The Ethical Issues in the Fundraising Industry and Its Governance: A Virtue Ethics Perspective

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Abstract

Ethical issues in the contemporary Chinese fundraising industry are increasingly foregrounded, and effective governance has emerged as a particularly important and urgent priority. However, this issue has not received sufficient theoretical and practical attention. We apply a range of tools (factual and value-based, inductive and deductive approaches; historical and logical dialectics; and comparative analysis) to briefly describe the historical development of domestic and international fundraising ethics. We clarify its importance by drawing on a factual description of the main ethical issues in the fundraising industry. A comparative analysis of the three main ethical theories of utilitarianism, deontology and virtue ethics reveals that virtue ethics is more adaptable in guiding fundraising behavior in contemporary China. In order to effectively address the many ethical issues in the fundraising industry, we argue that a process approach should be adopted that draws on a virtue ethics perspective, which focuses on the character of fundraisers at the time of qualification. We optimize the code of fundraising ethics by drawing on a combination of character and normative provisions, and regulate fundraising behavior, which enables us to shape fundraisers' professional virtues. Fundraising performance is evaluated by referring to fundraising results, motivation and emotion. We find that while there are still some ethical dilemmas and conflicts in the fundraising industry, issues of good and evil, right and wrong and value ranking still lack a consensus and are open-ended. Future research needs to address this limitation.

Keywords: deontology, fundraising, fundraising code of ethics, utilitarianism, virtue ethics

1. Introduction

Most fundraising in China is undertaken by charitable organizations, but some are still part of organizations such as higher education institutions and public utilities. I will therefore focus my research on the specialized and professional fundraising behaviour of personalized fundraisers (including individual and organized fundraisers). But these activities were only the individual acts performed by a few well-intentioned people and scholars, and are not therefore 'charity' in the modern sense (Zhou & Zeng, 2006). *Towards Modern Philanthropy - Annual Development Report on Chinese Philanthropy(2011)*, which was published by the China Philanthropy Research Institute of Beijing Normal University on 24 May 2012, claims that 'modern philanthropy' refers to new technological innovations after 2011 that have transformed the mode of public philanthropic participation, and shifted from promoting and mobilizing philanthropy to universal philanthropy (China Philanthropy Research Institute, Beijing Normal University, 2011).

In contrast, the fundraising behaviour that this paper refers to is professional and specialized fundraising behaviour that occurs in modern philanthropy. It is explored from an ethical and moral perspective. This perspective is adopted because the philanthropic field should generally be more ethical and compassionate than the commercial market field, and I believe that this judgement should be applied on a larger scale, which is why I stress the importance of fundraising ethics. However, fundraising ethics in China is still in its infancy, and this applies to both theoretical research and practical implementation, and this is mainly because a mature fundraising industry has yet to emerge. Professional fundraisers are a group of professionals who make a career out of fundraising for the public good. They are professionals who believe in using technology to solve social problems and improve society. In other words, they believe their fundraising skills will enable them to raise more money for the public good, pool resources and focus on

solving social problems (Chu, 2014). This is an important sign that a country's pro bono sector is maturing. In China, the public welfare sector is just emerging.¹ The importance of fundraising for charities and philanthropy does not need to be elaborated beyond observing it is still in the process of development. In addition to facing professional problems and dilemmas, it is also confronted by many ethical dilemmas and moral conflicts. In the face of the entry of commercial capital (Wang, 2009; Zhang, 2017), the brutal growth of internet charity or internet philanthropy, the rapid development of the fundraising industry and the new businesses who emerge from the internationalization process (such as the new organizational behaviour of mass fundraising and the Internet) have had unprecedented impacts and created unparalleled challenges for the traditional values and ethical norms of the Chinese charity industry. As a result, the fundraising amount is extremely important, while the ethical principles of fundraising and the values of public welfare are increasingly ignored (Li, You, & Hong, 2015). In general, current fundraising practices in China either overemphasize fundraising outcomes or motivations. In order to effectively address this ethical challenge, it is particularly important and urgent to integrate motives and outcomes to the greatest extent possible, and to build a fundraising ethic that is appropriate to the Chinese context, as this will regulate the fundraising behaviour of fundraisers.

In order to better explore the issue, we need to clarify the premise, draw a clear line and define key terms. This article focuses on the 'charitable organizations' that are defined in the People's Republic of China charity law.² The term 'fundraising' is 'professional fundraising activities carried out by a fundraising body to achieve the mission of a charity or organisation or a specific project'.³ This concept can of course be viewed differently when considered from other perspectives (e.g. by considering fundraising as a social exchange relationship). Some scholars draw on Social Exchange Theory to emphasize the importance of power in the construction of fundraising relationships – Kelly (1991), for example, suggests that 'fundraising is a social exchange relationship between charities and donors, in which the power of one party over the other determines the outcome of the exchange'. Fundraising involves subjects that generally include beneficiaries, donors, fundraisers and public benefit. The fundraising relationship, meanwhile, relates to a wide range of actors (including, *inter alia*, the beneficiary, charity, donor, fundraiser, government, public charity, press and public), and relationships between, to take a few examples, the fundraiser and beneficiary, charitable organization individual donor and/or public charity. It also extends to relationships that are secondary but still important, such as those between the fundraiser and the government, the press and public. In general terms, ethical fundraising can be defined as the ability to behave correctly or act intelligently in these relationships.

Chinese research on this issue is still in its infancy. A review of the seven papers in the Chinese CNKI literature that address 'fundraising ethics', and more specifically fundraising ethics in China, refers to fundraising ethics in universities, including the connotation and value of university fundraising ethics (Li et al., 2015); the resolution of ethical conflicts in university fundraising (Li, You, & Mo, 2015) or the ethical governance of risk management (Han & Hong, 2021); and also extends to the introduction of a normative system, values and practical strategies of fundraising ethics into foreign (US) universities (Huang, Sun, Chen, Xiao, 2019; Li, & Hong, 2019).

Work on the systematization of the ethics of college fundraising relates to wealth morality and ethical considerations related to college fundraising (Li, 2022), and mainly discusses the ethical constructs, demands, paths and standards of university fundraising in a general sense. It also introduces the process and specific contents of fundraising ethics in the West (Australia, the UK and US), which it considers in terms of their ability to positively influence the governance of university foundations in China.

The two most important works on the subject are Pettey's (2008) *Ethical Fundraising: A Guide for Nonprofit Boards and Fundraisers*. *Fundraisers*, which focuses on why fundraising ethics are important, ethical rules for fundraisers, donor rights, and how to make decisions when faced with ethical conflicts in fundraising, and *Nonprofit Fundraising Strategy: A Guide to Ethical Decision Making and Regulation for Nonprofit Organizations*, a book edited by Pettey that explains why and how nonprofit organizations make ethical decisions when fundraising and the laws they should follow (also see Pettey, 2013).

Hunsaker (2010) explores a range of ethical issues in university fundraising and donor relations that arise from leadership changes and, in using Larimer University as a case study, sets out strategies to address them; Macquillin and Sargeant (2019) provide a major review of fundraising regulation introduced to the UK in 2015, along with an overview of the current UK code of fundraising ethics (that places particular emphasis on fundraising ethics norms and their construction process), and argues that the topic of fundraising ethics has received less academic attention. They conclude with a series of normative points related to fundraising ethics that can be applied for purposes of review and, ultimately, the revision of the current code in a way that will potentially improve the quality of future fundraising decisions (Frank, 2016). Anderson (1996) asserts kindness, respect and trust as guiding principles for fundraising ethics. Fischer's (1985) *Ethical Decision Making in Fundraising* offers an alternative approach to ethical decision-making, and proposes three levels of basic value commitments for fundraisers, specifically interpersonal relationships, organizational

mission and personal integrity.

Fundraising ethics has generally been a neglected subject in Chinese and Western academia. However western researchers, and particularly those based in the UK and US, have been more systematic and in-depth in their research, and have shifted from the construction of general fundraising ethical codes to the optimization and exploration of context-specific fundraising ethical issues. In China, in contrast, discussion has remained fixated on university fundraising ethics. Chinese industry associations have admittedly begun to construct a general code of ethics for fundraising but most have been ‘transplanted’ from abroad and are open to the allegation they are ‘unconventional’.

While the reflections and contributions of Western academics undoubtedly have the potential to make a great contribution to the theoretical study and practice of fundraising ethics in China, too few studies provide a specific analysis and discussion of contemporary Chinese fundraising ethics that is situated in Chinese history and reality. Contemporary research of fundraising ethics in China mainly focused on the ethics of fundraising in universities, meaning that the ethics of fundraising in other personalized fundraising entities (fundraising departments of public charity organizations, individuals or professional fundraising companies) have not been addressed. In other words, they only deal with the specificity of fundraising ethics (university fundraising ethics), and fail to address the general and universal aspects of fundraising ethics (ethics of the fundraising industry and ethics of the fundraising profession, etc) – the question of what makes a qualified or even outstanding fundraiser has, for example, been consistently neglected. However, the moral problems that confront contemporary China’s fundraising industry urgently require the guidance and regulation of ethical norms, which is this paper’s key contribution.

2. Why Are Fundraising Ethics Important?

First, it is necessary to ask a series of questions: Why are fundraising ethics important? Why should ethical requirements be imposed on fundraising behavior? And why should fundraising behavior be subject to ethical evaluation?

Although we focus on fundraising behavior, it is important to recognize this is closely related to the fundraiser’s character. The ethical problems of fundraising can be divided into two categories. The first is the fundraiser’s moral character. In 1992, William Aramony, the United Way of America chairman, was convicted of conspiracy, fraud and money laundering, along with 22 other crimes, which included harassing women, inappropriate sexual relations and misreporting income taxes. His convictions scandalized the country’s charitable community and greatly damaged the public confidence in traditional American philanthropy. Two years later, Caldwell and Carter referred to fundraising fraud in the country and observed that many people in the fundraising world seem to have low moral standards. Shenk responded to this observation by suggesting that non-profit organizations should, when selecting a CEO or fundraising specialist, focus on his/her personal qualities and dedication, rather than fundraising ability (Frank, 2016).

Ethical issues in fundraising, and specifically integrity in fundraising, are also important. In September 2016, during the 99 Charity Day, the individual responsible for charity organization S mobilized and entrusted volunteers with donating a fixed amount of funds in batches on the 99 Charity Day. In accordance with ‘1+X’ matching donation rules in place at the time, it also collected matched donations.

The source of funds is also important. In 2009, the London School of Economics and Political Science (LSE) received a £300,000 donation from Saif Gaddafi’s, the Libyan leader’s third son, which triggered a demonstration by the university’s radical student associations that eventually forced Howard Davis, the university’s principal, to resign. On August 22, 2019, L. Rafael Reif, president of the Massachusetts Institute of Technology (MIT), acknowledged in an open letter that his university had, over a 20-year period, accepted a total of US\$800,000 in donations from the disgraced Jeffrey Epstein. He apologized to Epstein’s victims and said that an equivalent amount would eventually be donated to an appropriate charity. But neither scandal provides sufficient theoretical insight into fundraising ethics, and so it is necessary to engage on this basis (Anonymous, 2011).

We will now briefly review the process that resulted in ethics entering the boardroom. In 1935, the Board of Fundraising Committee of the United States was established with the aim of ‘promoting and protecting this profitable business’. Here it should be noted that fundraising in the United States is a corporatized operation, and more closely resembles a business than a domestic charity. After frequent scandals in the 1950s and 60s, the bosses of several large fundraising companies began to talk about industry ethics and the US Fundraising Committee Council responded by formulating a set of fair business practices. At the 4th International Charity Fundraising Industry Summit in 2006, industry professionals from 24 countries jointly issued the ‘International Fundraising Ethics Code’ statement.

Philanthropy in China developed at a relatively late stage, and the country’s entire fundraising industry remains at an early stage of development. In July 2016, the fundraising industry cultivation platform Fang De Ruixin (formerly the charity fundraiser alliance project team) joined the code’s advocacy organization and issued the first fundraising ethics

initiative to the Chinese charity industry. In 2018, the founder of its project team issued *the Code of Conduct for Philanthropic Fundraising in China 1.0* (CCPFC 1.0) (Unpublished handbook). One year later, the same project team issued a manual (China Philanthropy Fundraising Ethical Practice Guidelines) (Unpublished handbook) (refer to draft for comments) with the aim of promoting an industry ethical consensus. The ethical norms of industry self-discipline then gradually formed. This study's literature review shows that China's study of ethical fundraising theory has obviously lagged behind practical exploration. We therefore undertake a comparative study of ethical basic theories with the aim of contributing to a practical consensus on the ethics of the fundraising industry and the optimization of CCPFC 1.0.

3. Research Methodology

This paper is preoccupied with the category of applied ethics, and its problem domain determines that, unlike the logical positivist scientific approach (Gan, 2002), it is concerned with the empirical study of 'daily life observation' of fundraising behavior, which it engages through a rational analytical research method – namely a generalized summary of the ethical problems that arise in the fundraising industry. It also provides a historical overview of how ethics has entered the fundraising industry at the operational level, and uses a historical and logical dialectic to clarify the urgency and importance of constructing and optimising fundraising ethics. Fundraising ethics is a fundamental ethical norm of the profession, and so it is necessary to seek some kind of doctrinal basis and foundation for it. We therefore briefly describe the three major ethical forms related to fundraising ethics, namely utilitarianism, deontology and virtue ethics, and conduct a comparative theoretical analysis of them. We argue that virtue ethics is more convincing as a theoretical basis for fundraising ethics and more appropriate for guiding fundraising behaviour and activities. In order to provide effective moral governance for the major ethical issues that arise in fundraising, and taking the lack of a mature and complete fundraising ethic in contemporary China into account, it is imperative to construct and optimise a code of conduct for fundraising in contemporary China – that is, to use logical reasoning to propose 'ought' for fundraising practices on the basis of relevant theories of virtue ethics. The end product is based on theories of virtue ethics and the use of logical reasoning to propose 'ought' for fundraising practices. Through a more sustained engagement with 'is' and 'ought' questions, the study of meta-ethics can be combined with the study of ethical issues in fundraising practice, and the CCPFC 2.0 can be developed on the basis of the revision and improvement of CCPFC 1.0. We also found there are some ethical conflicts and ethical dilemmas in the fundraising industry, which do not sufficiently resolve issues related to good and evil, right and wrong and value ranking. Quite clearly, they will need to be further negotiated and discussed in order to reach some ethical consensus.

4. The Pluralistic Ethics Theories Foundation of Fundraising Ethics

This raises the question of why we should explore a problem of this kind. Our ethical requirements suggest that fundraisers will, after drawing on ethical expectations and evaluations, be able to take correct and/or intelligent actions. But this raises the question of how we first identify 'correct' and/or 'wise' fundraising behavior (Zhang, 2006). The discipline of ethics will help us do this, and this article therefore uses it to allocate a theory of normative ethics to a specific school (three in total).

(1) Utilitarian discussion of correct behavior (Li, 2006):

Premise 1: An action is correct, if and only if, it promotes the best result.

This constructs a close behavioral utilitarian connection between 'correct behavior' and the 'best result', which in turn places a series of specific regulations on correct behavior. But this raises the question of how we can define 'best result'.

Premise 2: The best result is the result that maximizes happiness

Utilitarianism establishes that, irrespective of whether a fundraising behavior is correct, it should only be pursued if it produces the best results. In drawing on this premise, we can infer that the best result of fundraising is the maximization of happiness. But this is of course subjective, and this in turn raises the question of whose happiness should be privileged. If we grant that it refers to the happiness of those served by charitable organizations, then this leads us to question if the raising of more funds will make the beneficiaries of charitable organizations happier. For example, some non-profit charity organizations impose a commission on fundraising personnel that is based on the amount of fundraising, despite the possibility fundraisers will unscrupulously obtain funds.

But if the social reputation of charitable organizations is sacrificed for large-scale fundraising behavior, there is a danger it will only produce short-term happiness for beneficiaries. For example, in the case listed in the previous article, the medical school's (not a charitable organization) willingness to accept donations from tobacco companies was observed to be completely incompatible with its health promotion mission. The fundraising behavior that can maximize the happiness of the charitable organization's service targets should only be pursued if it conforms to the organization's mission and basic social values. If this is the case, then the collection of more funds will maximize beneficiary happiness.

(2)The basic structure of deontology can be presented in the same form. They start with a premise that provides certain specific provisions for correct behavior(Li, 2006):

Premise 1: A behavior is only correct if it conforms to the correct moral rules or principles.

This raises the question of what is the correct moral rule (or principle) but does not give a specific guide that orientates behavior. It is therefore necessary to specify the second premise in detail:

Premise 2: The correct moral rule (or principle) is...

This sentence may be completed in different forms, such as

1. ...is the contents of the following list (attach a list, and may end with 'wait' at the end); or
2. ...is a requirement set by God for us, or
3. ...is universal/is an absolute law, or
4. ...is an object that all rational beings will choose.

Deontology or Kantianism holds that an action is only correct if it conforms to established moral rules or principles. This what Kant refers to as an 'absolute order'. But this in turn raises the question of what can be defined as correct moral rules (or principles). Deontologists respond with a list of ethical rules about correct behavior. The correct behavior only complies with a certain absolute moral rule. This theory will however encounter the moral challenge of emotionalism.

For example, the fundraising process only introduces the project by referring to rules and procedures, and therefore lacks an inherent sense of identity and compassion for the charitable project. In seeking to obtain donations, it can pretend to be concerned with the project and beneficiaries to a high extent. A deep compassion will eventually result in the separation of phenomenon and essence.

(3) 'Virtue' in the sense of virtue ethics deviates from our daily understanding of the meaning of 'virtue'. In the Homeric era, the presence and type of virtue were held to be only determined by the individual's specific social function and role. In the Classical period, virtue was no longer defined in relation to the fulfillment of functions and roles, but was instead understood in relation to the characteristics required to perform this special function – that is, the realization and display of personal qualities. Aristotle claimed we are always dealing with the relationship between ourselves and our emotions and desires. The relationship that is well handled is, for him, a virtue. He therefore believed that the virtue of man is the qualities that make a person good and make him [sic] perform his activities well. His definition of human virtues is therefore very much aligned with the expectations that charitable organizations have of the role and quality of fundraisers. In the first instance, the fundraiser must be a good person and kind and loving; however, in the second, he/she must raise money for the organization and realize its economic value. Utilitarianism derives 'right' from 'good', while deontology derives 'good' from 'right'. But how can virtue ethics deduce 'good' and 'right' from its original concept of 'virtue actor'? It is difficult to definitively establish what is 'good' or 'right'. But it is easier if the question is reformulated into: 'How can virtue ethics give a discourse on correct behavior and provide guidance for behavior?'

Hursthouse believes that virtue ethics cannot simply be said to be actor or action-centered, and this is because virtue ethics can also provide standards for correct actions. She claims that ethical theory should tell us what the correct behavior is, and therefore indicate how we should act. Virtue ethics can provide behavioral guidelines, which we can then compare against guidelines provided by Utilitarianism and Deontology, and this will help us understand how virtue ethics guides behavior. For example(Li, 2006):

Premise 1: An action is only correct if it is a typical action that a virtuous actor will take in this environment (i.e., an action taken out of quality).

Who are the virtuous actors?

Premise 1: A virtuous actor is a person who possesses and practices certain characteristics (i.e., virtues).

Premise 2: Virtue is a...quality characteristic.

The second premise of virtue ethics, like the second premise of some forms of Deontology, can only be completed by outlining 'the contents of the following list'; it should then be followed by an attached list and can finally be completed with 'etc.'. Hume believes that virtue is a (human) quality characteristic that is useful or appropriate for its owner or others (both 'or' means 'and'). The standard neo-Aristotelian supplementary program also believes that virtue is a quality trait required to achieve happiness, prosperity or a good life. The guiding plan given by virtue ethics is therefore: The behavior that a person with virtue (that is, a person with virtues such as justice, honesty, and kindness) will take in this environment.

The preceding analysis of the ethical theoretical basis of the three different schools of fundraising ethics shows that Utilitarianism focuses on constructing fundraising ethics principles and norms based on results, in the expectation this will ultimately produce fundraising GDP doctrine. But over a long period of time, this principle of moral evaluation is consistent with the long-term goal of fundraising behavior effect. Deontology focuses on the tendency to construct the

principles and norms of fundraising ethics on the basis of motivation. This means that it will inevitably place too much emphasis on motivation and exclude charitable donations. Fundraising behavior requires certain virtues and corresponding moral or practical wisdom. It is therefore particularly important to consider the fundraiser's character. It becomes increasingly clear that those who are uncaring, dishonest, greedy for wealth and self-centred are unable to do what is required of them by specific rules. The devil can also invoke the Bible to serve his own purposes; someone who can follow the letter of the rules, but at the same time go against their spirit. Therefore, there is a growing awareness that the consideration of the character of the fundraiser is of particular importance, since the act of fundraising requires certain virtues and a corresponding moral or practical wisdom, both for the purpose of interpreting the rules and for deciding which rule is the most appropriate to apply in a particular situation.

5. The Moral Governance of Fundraising Behavior

On this basis, we believe that virtue ethics, as an independent moral type (Zhao, 2011), has a stronger adaptability to guide fundraising behavior than other moral types. The things a man must do are his obligations. What obligations he must fulfill in order to become a man of virtue. Fundraising entities should also abide by domestic and foreign laws and regulations on organizational forms, business activities and fundraising activities; they should also implement the agreed fundraising management system, uphold the standards of their own fundraising behavior and act in accordance with specific local regulations or standards on fundraising practices.

In 2018, the Founder Credit Suisse project team used the 'Code of Ethics for International Fundraising' to form a local version CCPFC1.0. In drawing on established terms and definitions, it set out the six important general principles that fundraisers should abide by, specifically accountability, compliance, honesty, integrity, respect and transparency. In referring to a range of actors, including supporters and charitable organizations, it then proposed different codes of conduct, with specific reference to finance, fundraising costs, fundraiser incomes, management and salary systems. This is undoubtedly groundbreaking work that will contribute to the development of China's fundraising industry, which is still very much in its infancy.

But this code has a number of shortcomings and flaws: (1) The fundraising ethics code lacks the framework guidance of ethical basic theory, and to this extent is mainly an empirical induction and summary; (2) the division of the code of conduct clauses shows unclear subject division and logical overlap. It is, for example, divided in accordance with the fundraising subject and content of the fundraising work; and the division of the subject has a clear tendency to show logical confusion, along with other shortcomings. (3) This is, generally speaking, a version of the normative standard of fund-raising ethics that is combined with the tendency of Rule Deontology. It must therefore possess the formalism created by Rule Deontology that emphasizes the formal observance of rules and obligation defects. Philanthropy has a special meaning and mission and, if it is to be carried out, must first gain heartfelt approval. Fundraising is therefore more than a trick. Accordingly, we assert that the current fundraising ethics code can be substantially improved.

In order to better guide the development of the fundraising industry, we suggest that theoretical knowledge of virtue ethics should first be referred to, and that the overall framework and specific clauses of the Chinese Charity Fundraising Ethical Code of Conduct should be revised so that theoretical elements are more closely aligned with China's fundraising ethics guidelines. First, in developing the overall framework, we have identified eight virtues (Kindness; Brave; Wisdom; Honesty; Respect; Incorruptibility; Responsibility; Integrity) that are based on the requirements of ethical qualities related to fundraising behavior; we then proceed to derive specific principles from these virtues to establish CCPFC 2.0.

Although there is a clear overlap between these virtues and the six important general principles in CCPFC 1.0, there are also essential differences between them. The CCPFC 1.0 is concerned with norms, and its moral principle establishes that the behavior needs to follow the moral stipulation; this is different from the CCPFC 2.0, which stipulates the moral (in the sense of virtue and ethics) character of the fundraising subject. The former's general rule of 'compliance' is not a moral quality but is instead a legal and regulatory requirement – it is more fundamental than a moral quality, and so is not included in the latter's fundraising virtues. We therefore add four virtues (courage, integrity, kindness and wisdom). Of these, integrity overlaps with the original transparency rules in specific provisions. 'Kindness' is an essential emotional quality for fundraisers; 'Bravery' refers to the quality that fund-raisers should have when they encounter difficulties in the fundraising process; 'Wisdom' refers to the intelligence that fundraisers should have when they encounter difficulties during communication and negotiation; and 'Integrity' reflects the factors that fundraisers must address in the course of engaging with finance (it also overlaps with transparency in specific regulations).

Second, the specific behavioral regulations that apply to fundraising morals are formed on the basis of addition, amendment, deletion and reorganization. For example, the behavior clauses related to the virtues of benevolence, bravery, and wisdom are newly added, and are not included in the original fundraising ethics code; cleanliness, meanwhile, is adjusted on the basis of the original transparency rules. The other morals are mainly formed on the basis

of amendment, deletion and reorganization, and clauses have been added in some cases. The fundraising subjects in the following table are personalized fundraisers, charitable organizations, fundraising staff who work in an organization and professional fundraising individuals or institutions (see Table 1 below).

Table 1. The Code of Conduct for Philanthropic Fundraising in China 2.0

Virtues	Moral Principles
Kindness	<p>(1) Caring for all vulnerable people and the people they serve; having a common feeling for the situation of others; being compassionate and loving.</p> <p>(2) Caring, compassionate, helpful, kind and/or merciful.</p> <p>(3) Fundraising subjects listen deeply to the internal demands of the charitable organization, donor and beneficiary; strongly identify with the beneficiary, charitable organization and donor and beneficiary; and manage to balance the interests and demands of related subjects.</p>
Brave	<p>(1) Religious piety, responsibility and mission.</p> <p>(2) Idealistic and willing to dream; not afraid of setbacks; able to respond to adversity by persevering and progressing.</p>
Wisdom	<p>(1) Ideas and concepts of fundraising.</p> <p>(2) The design, methods and strategies of fundraising strategies.</p>
Honesty	<p>(1) The fundraising subject will be faithful to the facts, and will truthfully represent the project and its purpose when meeting the donor, and will not deceive, distort and/or conceal. The fundraising subject will ensure that the fundraising agreement and the fundraising report for which he/she is responsible are accurate and truthful, and will perform the corresponding disclosure obligation.</p> <p>(2) When facing the public and the media, fundraising subjects will, irrespective of the media or other means of communication, be faithful to the facts and honest. They will use accurate and accessible information in communication materials, methods and paths.</p> <p>(3) The fundraising body should take the initiative in disclosing the flow of funds and should provide clear information about the use of funds and its influence. When the donor wishes to know the purpose of the donation, the fundraiser should respond promptly.</p> <p>(4) The fundraising subject is responsible for informing the beneficiary of relevant rights and obligations, and should not deceive, or damage the interests of, the beneficiary by concealing true project information.</p> <p>(5) Fundraising subjects should present the cost of business activities and fundraising expenses of public charity activities transparently and accurately; they should not include misleading information in communication and fundraising materials.</p> <p>(6) Fundraising entities should, in acting in accordance with relevant national laws and regulations, assist their organizations by providing reports on income and expenditure. They should also disclose accurate information about activities to beneficiaries, donors, stakeholders and the wider public.</p>
Respect	<p>(1) Regardless of if the donor/potential donor makes a donation, the fundraising subject should respect his/her decision and should not subject him/her to any form of harassment, intimidation and/or coercion;</p> <p>(2) Fundraising subjects should respect the donor's rights and, in acting in accordance with the requirement to maintain the beneficiary's dignity, should follow his/her requirements and preferences for communication and personal privacy during the fundraising process.</p> <p>(3) When the donor indicates he/she wishes to commit the donation to a specific service or project, the fundraising subject should, in acting in accordance with relevant laws and the improvement of the charitable property's use efficiency, respect the donor's public interest. When the donor is unable to use the donation in accordance with the donor's public interest wishes, the fundraising subject should engage the organization/individual and discuss the purpose of the donation before reaching an agreement.</p> <p>(4) Fundraising subjects should always respect their beneficiaries – accordingly, they should</p>

	respect and protect their personal privacy and maintain their dignity and self-esteem when engaging in fundraising and/or handing out relevant materials and information.
Incorruptibility	<p>(1) Fundraising subjects may obtain legitimate remuneration/income based on their position/service, and may not use position/service opportunities to obtain unauthorized and/or unreasonable returns;</p> <p>(2) Charitable organizations should establish a system of interest declaration and disposal related to the code of conduct for fundraising. Fundraising subjects should not take advantage of their work to ask for rewards; In the case of receiving rewards or gifts, the fundraising subject should take the initiative in declaring it to the service and/or related parties. The gift can only be handled when it is given in accordance with the organizations internal regulations and receives necessary confirmation.</p> <p>(3) When the fundraising subject cooperates with suppliers, partners or third-party organizations, he/she shall take all reasonable means to ensure that external partners comply with and conduct the work in accordance with the ethical code of conduct; by implication, they should not receive unreasonable remuneration from the fundraising.</p> <p>(4) The income due to the fundraising subject, including fixed salary and performance, should be agreed in writing in advance, and this will help to ensure it is reasonable and appropriate. It will therefore not be paid on the basis of the proportion of the amount raised.</p>
Responsibility	<p>(1) Fundraising subjects should not engage in malfeasance or damage the organization's reputation when performing their duties; There should be no unfair competition between fundraising subjects and no negative impact on the whole fundraising industry and the fields it serves.</p> <p>(2) Fundraising subjects should work together with the organization's management team when seeking to achieve the goals of public welfare and charity. Their decisions and work should be consistent with the organization's values.</p> <p>(3) When the donation is not consistent with the organization's mission and values, or will damage its reputation/have a negative social impact, the fundraising subject should not accept the donation.</p> <p>(4) Fundraising subjects should comply with relevant laws and regulations on data protection and take effective measures to prevent information disclosure, damage and loss. In the event that disclosure, damage or loss of information are likely to occur, remedial measures should be taken immediately.</p> <p>(5) Fundraising subjects should abide by the relevant laws and regulations of intellectual property rights and should not use the fundraising information of other parties without authorization.</p>
Integrity	<p>(1) When the donor's non-public charity demands conflict with the interests of the beneficiary or industry, the fundraising subject should reject the donor's inappropriate demands.</p> <p>(2) When the source of the donation is in doubt, the fundraising subject should take appropriate measures to ensure the public welfare of the donor's donation property and behavior. The intention is to ensure that the donor's behavior and demands are appropriate, and he/she will be required to provide corresponding proof when necessary.</p> <p>(3) When the donor makes a non-cash donation, the fundraising subject shall place it in the account at a fair value that is in accordance with relevant regulations. He/She should not therefore seek to inflate the value of the donation.</p> <p>(4) The fundraising subject shall ensure that the information of the donor/potential donor is only used for the charitable organizations served by the fundraising subject or activities authorized by the organization. It should not be disclosed to other parties or used for other purposes. When the donor indicates he/she would prefer not to be included on the fundraising list, he/she will be excluded.</p> <p>(5) The fundraising subject should prioritize the beneficiary's real needs (and not fundraising ability) when making rules that seek to encourage the beneficiary to participate in fundraising.</p>

As shown in Table 1, the ethical code of the 2.0 version takes the theory of virtue ethics as its moral basis. It considers

the fundraiser by referring to multiple factors that include effect, emotion and motivation and encompasses the whole process, including fundraiser qualification access. It focuses to a considerable extent on quality considerations and privileges them over fundraising ability, including past fundraising performance. The focus on the fundraising process restricts the analysis of fundraising behavior to moral behavior norms, emotion and quality. It focuses to a greater extent on the shaping of the fundraiser's inner character, and this reflects rational considerations and habituation after decision-making. This establishes a complete, comprehensive and systematic code of ethics that offsets motivation and results-related defects, and accordingly has great potential to contribute to the future development of the fundraising industry.

6. Conclusion

The main points and countermeasures on the ethical adjustment of fundraising behavior in China's fundraising industry follow.

- (1) China's fundraising industry is still in its infancy, and fundraising ethics has a particularly important contribution to make to the well-ordered development of the fundraising industry. The authors' ethical framework of fundraising based on virtue ethics makes it clear that a mature and complete ethics of fundraising has not yet been formed, and still needs to be established through a more sustained theoretical and practical engagement.
- (2) The moral adjustment of fundraising behavior needs to be reflected at the level of basic ethical theories, and so needs to be revised and improved through the joint application of frameworks that include deontology, virtue ethics and utilitarianism. However, the field of public charity is more a display of individual virtue and sentiment, and so virtue ethics is more adaptable to the moral adjustment of fundraising behavior than deontology and utilitarianism, to take two examples.
- (3) We sought to resolve the many problems in fundraising ethics and introduce a more mature and systematic codified list (CCPFC 2.0) by adjusting, revising and optimizing on the basis of (combined) character and normative provisions. We then used a virtue ethics perspective to optimize the CCPFC 1.0.
- (4) In order to effectively address the many ethical issues in the fundraising industry, we propose it is necessary to adopt a process approach to governance that draws on a virtue ethics perspective, and which focuses on character when qualifying fundraisers. It should also optimize the code of ethics for fundraising on the basis of a combination of character and normative provisions; regulate fundraising behavior (and thus shaping the professional virtues of fundraisers) and emphasize fundraising results along with fundraising motivation and emotion in fundraising performance evaluation. In referring to fundraising performance evaluation, it emphasizes the importance of fundraising results, along with the need to take fundraising motives and emotions into consideration.

While in practice some fundraising behaviors can be regulated by a codified list, there are still some ethical dilemmas and moral conflicts (which involve open issues such as good and evil, right and wrong, and value ranking that lack a consensus) that a codified list will struggle to regulate for the foreseeable future. In the first instance, fundraisers have a clear responsibility to protect the privacy of their donors and not to divulge their information to others; however, in the second the fundraising industry and the organizations they work for require fundraisers to share their donors' information with their colleagues or peers for the development of the organization or industry, meaning that the ethical choice between privacy protection and information sharing is an ethical dilemma that fundraisers will have to confront. The question also arises of if it is reasonable and justifiable for fundraisers to receive a percentage of the money that they have raised in the form of a commission. There is also the more complex ethical question of who should judge the motives of the donor and the source of the wealth. To put it differently, who can judge? And, more precisely, who can judge that money is 'dirty'? There is also the difficult question of if the fundraiser can accept 'dirty money' after it has been laundered, which is further complicated by the issue of how the money has taken to launder. These and other open-ended questions can only be resolved through extensive public discussions of practice. This paper has not addressed these ethical conflicts and dilemmas that will be encountered during the construction and optimization of the fundraising ethical code. Future studies will need to engage with these questions.

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Notes

1. China's public welfare charity has a long history. However, after the establishment of 'New China', the government took over established charities, and reorganized and gradually incorporated them into the national social security and welfare system, which resulted in 'charity' taking on a different meaning. Later, as a consequence of the influence of ultra-leftist ideology and the Cultural Revolution, someone repeatedly criticized it as an 'ornament [that] the old social ruling class [used] to paralyse the people'. People were discouraged from talking about 'charity', which resulted in it disappearing from the public sphere for 30 years - see Zhou Qiuguang & Zeng Guilin (2006), *A Brief History of Chinese Charity*, Beijing: People's Publishing House, 2006: 375. After reform and the 'opening up', the country's philanthropy showed signs of recovery - after more than 30 years of tortuous development, the field of public charity began to emerge and, after the gradual emergence of professional fundraisers, coalesced into philanthropy. But the fundraising sector has not yet become a real profession (also see Chu, (2014)). 'What is a professional fundraiser?'. *China Philanthropy Times*, March 27. Retrieved from <http://www.gongyishibao.com/html/zhuanlan/2014/0327/6274.html>.

2. Articles 8 and 9 in Chapter 2 of the country's charity law are relevant here. The former establishes that, under this law, 'charity organization', is a non-profit organization established in accordance with the law, which conforms to its provisions and that seeks to carry out charitable activities in wider society. Charitable organizations can be foundations, social organizations and social service institutions. Article 9 establishes that a charitable organization should: (1) carry out charitable activities for the stated purpose; (2) be not-for-profit; (3) have its own name and domicile; (4) have an organizational charter; (5) have necessary property; (6) have a qualified organizational structure and person in charge; (7) meet other conditions required by laws and administrative regulations.

3. In this article, 'fundraising behavior' refers to professional fundraising behavior, which mainly includes the fundraising behavior carried out by charitable organizations or institutions in accordance with their organizational mission or a specific project requirement. The most representative charitable fundraising organization is the United Fundraising Organization, which was founded in Denver (USA) in 1887, and which later changed its name to United Way of America in 1970. At the time, there were many community charitable organizations in the city, who collected donations from local companies and then distributed them. Their main work was focused on joint fundraising and service coordination. The alliance, in addition to the modern transformation process, has gradually surpassed the traditional role cognition of 'joint fundraising and service coordination'; it has also more actively promoted the citizen participation mechanism that can 'reflect the needs of the community and solve social problems'.

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