[Midwest Social Sciences Journal](https://scholar.valpo.edu/mssj)

Volume 26 | Issue 1 Article 12

8-28-2023

# Nonprofit Accountability: Effects of Subsector on Online Accountability

Ibrahima F. Yaro
*Western Kentucky University*, ibrahima.yaro862@topper.wku.edu

Trent A. Engbers
*University of Southern Indiana*, taengbers@usi.edu



## Recommended Citation

Yaro, Ibrahima F. and Engbers, Trent A. (2023) "Nonprofit Accountability: Effects of Subsector on Online Accountability," *Midwest Social Sciences Journal*: Vol. 26: Iss. 1, Article 12.
DOI: https://doi.org/10.22543/2766-0796.1082
Available at: https://scholar.valpo.edu/mssj/vol26/iss1/12

# *Nonprofit Accountability: Effects of Subsector on Online Accountability*[*]

IBRAHIMA F. YARO
*Western Kentucky University*

TRENT A. ENGBERS
*University of Southern Indiana*

**ABSTRACT**

Scandals over compensation and management within the nonprofit sector have increased calls for nonprofits to demonstrate accountability. Many organizations have responded by disclosing information online and providing tools that allow web-based interactions with stakeholders. The literature on nonprofits' online accountability has found that the level of a nonprofit's online accountability is affected by its size, age, asset, revenue, and location but hasn't been examined in terms of how subsector influences online accountability. Through a web-content analysis of 55 nonprofits, this research investigated how subsector (arts and culture, education, health, and human services) influences online accountability, using a framework of four types of online accountability: financial disclosure, performance disclosure, stakeholder input, and interactive engagement. The findings show that subsectors differ depending on the type of accountability being measured. Previous findings regarding revenue size, personnel size, and location were confirmed. This research also found that the subsector of arts and culture demonstrated higher online accountability than did the health subsector. Human services nonprofits are more engaged in financial disclosure than are organizations in the health subsector. Finally, it was found that, as number of personnel increases, stakeholder input and interactive engagement increase.

**KEY WORDS** Accountability; Nonprofit; Subsector; Online Accountability

[*] Correspondence concerning this article should be addressed to Ibrahima F. Yaro, ibrahima.yaro862@topper.wku.edu.

**Disclosure statement:** The author(s) declare that no conflicts of interest relate to the research, authorship, or publication of this article.

The nonprofit sector, also known as the third sector, plays an essential role in the U.S. economy. As the third-largest provider of jobs in the country, it employed nearly 12.3 million people in 2016 (Bureau of Labor Statistics 2018). The sector heavily relies on charitable gifts from individuals, bequests, foundations, and corporations to operate. In 2020, charitable donations to nonprofit organizations were estimated at $471.44 billion (Giving USA 2021). Given the economic and human scale of the nonprofit sector, accountability has far-reaching implications.

Mismanagement and embezzlement of funds by the leaders of some nonprofits have raised questions about accountability in the sector, thus leading donors, watchdog organizations such as Charity Navigator, and regulatory institutions to expect a higher degree of accountability from nonprofit organizations. Coupled with the development of information and communication technologies, the sector has found an innovative way for organizations to disclose vital information that can facilitate their evaluation in terms of accountability: online disclosure.

Nonprofit online accountability is a relatively new field being explored by scholars, but the impact of subsectors on nonprofits' online accountability has not been studied. This study aims to rectify this gap by analyzing nonprofits' online accountability through the lens of subsectors. The current pervasiveness of information and communication technology tools can be used by nonprofits to increase their efficiencies and boost their operational performances (McNutt et al. 2018). We use *subsector* in this study to refer to subdivisions in the nonprofit sector; subsectors are industries, such as education and health, that are determined by National Taxonomy of Exempt Entities (NTEE) codes. Through a web-content analysis of organizations in arts and culture, education, health, and human services, this study determines if a nonprofit's subsector is related to its propensity to practice online accountability.

This study uses the theory of disclosure and dialogue advanced by Saxton and Guo (2011) to understand online accountability. The disclosure aspect of the theory suggests that organizations provide information regarding their finances and their performance impacts on their websites. As for dialogue, the theory suggests that online accountability requires making available platforms on nonprofit websites that can allow different stakeholders to participate in debates about the way organizations are run. Since its publication, the theory has been used by a diversity of scholars, including Saxton, Neely, and Guo (2013) and Slatten, Guidry Hollier, Stevens, Austin, and Carson (2016).

So far, the literature on nonprofits' online accountability has proven that the level of online accountability is affected by size, age, revenue, and location (Lee and Joseph 2012; Lee, Pendharkar, and Blouin 2012; Saxton and Guo 2011). This study is unique in that it aims to compare organizations and to determine whether nonprofits' online accountability is influenced by subsectors. The study uses indexes of the frequency of accountability behavior (financial disclosure index and performance disclosure index) as measured by Saxton and Guo (2011).

This research first explores the relevant literature on nonprofit accountability, with special attention given to the role of technology on accountability. The paper then presents the content analysis methodology used to test the hypotheses within a Midwest metropolitan area. Finally, the paper presents findings that confirm most past research and introduces new findings on subsectors' influence. The paper concludes with implications for nonprofit management.

## LITERATURE REVIEW

Nonprofit organizations exist in the United States in different forms, and they play an essential role socially and economically (Granof et al. 2018). Some operate like governments, with funding derived from nonexchange transactions. Others, such as hospitals and nursing homes, behave similarly to private enterprises, with funding from exchange transactions. Finally, nonprofits such as colleges and universities are classified as hybrids because they have a mixed source of funding, from both nonexchange and exchange transactions. The four subsectors being studied in this paper can be grouped into the three categories of nonprofits as proposed by Granof and colleagues (2018). Human services nonprofits fall into the category of organizations that operate with funding from nonexchange transactions. This means that the subsector offers services at a lower price than the market or at a subsidized price. Organizations in the health subsector operate like businesses. They rely on exchange transactions to accomplish their missions. As for the education and arts and culture subsectors, they can be classified as hybrids because they have mixed funding sources. Because those subsectors differ in their funding sources and the way they operate, it could be reasonable to expect that they differ in their degree of online accountability.

Approximately 1.8 million nonprofits were registered with the IRS in 2020 (Independent Sector 2020). The sector contributed an estimated $985.4 billion to the U.S. economy in the same period, composing 5.4% of the country's gross domestic product. In 2020, charitable donations to nonprofit organizations by individuals, bequests, foundations, and corporations totaled an estimated $471.44 billion.

Human services nonprofits rely the most on donations from individuals and on grants from governments and foundations. Education and arts and culture nonprofits' funding sources are a mix of donations and revenues generated through the services they provide to their clients. As for health nonprofits, they operate like businesses, meaning they provide their services on an exchange-transaction basis (Granof et al. 2018).

Hu, Zhu, and Kong (2020) argued that subsector has a positive effect on both nonprofit stakeholders' information needs and the nonprofit's attitude toward transparency and accountability. For example, organizations in education and arts and culture subsectors tend to have more pressure from the public for transparency than do other subsectors (Hu et al. 2020). This higher pressure is certainly because those organizations have a more diverse source of funding as described by Granof et al. (2018).

Furthermore, Dethier, Delcourt, and Willems (2021) argued that nonprofits that rely on individual donors and resources from public financing institutions are more likely to engage in disclosure practices. Indeed, those organizations are more scrutinized by their funders, who usually want to make sure that their contributions are properly used. Organizations that operate like businesses do not have too much to report to the public, however, and will therefore be less likely to commit to online disclosure.

Considering the economic impact and the differences among the subsectors in terms of funding sources and operational capacity, one might expect them to exhibit different levels of online accountability. This implies that, depending on the organization typology and funding sources, they have different degrees of accountability. Knutsen and Brower (2010) referred to this as instrumental accountability, which emphasizes mutual benefits and resource dependence.

### *Accountability*

The notion of accountability, the obligation or willingness to accept responsibility for or to account for one's actions, has been widely used not only in the public sector but also in the nonprofit and private sectors. Citizens and employees usually expect public officials and nonprofit and corporate leaders to be responsible for the decisions they make, which impact their lives and society at large. Accountability, according to Schedler, Diamond, and Plattner (1999), "denotes the obligation of public officials and agencies to provide information about their actions and decisions and to justify them to the public and to specialized accounting bodies with the authority to monitor their conduct" (p. 4). Romzek and Dubnick (1987) referred to accountability in public administration as "the means by which public agencies and their workers manage the diverse expectations generated within and outside the organization" (p. 228). Accountability thus not only is an external oversight but also requires some internal responsibilities, mainly from organizational leaders. Scholars have dealt with the notion of accountability from different angles.

The complexity that surrounds the concept of accountability has led scholars to propose a wide variety of frameworks that could help organizations and their employees better practice accountability (Ebrahim 2003; Kopell 2005; Williams and Taylor 2012). Defining accountability, a multidimensional concept, requires one to be specific about some essential aspects: accountable to whom, and accountable for what?

In the same sense, three main components of accountability have been proposed for nonprofit organizations: who is to be held accountable, what they are to be accountable for, and how they are to be accountable (Rosen, Israeli, and Shortell 2012). The *who* distinguishes various actors who can be held accountable or can hold others accountable. These actors include but are not limited to clients, employees, and employers.

In terms of the *what*, nonprofit organizations face a domain of accountability for any "activity, practice, or issue for which a party can legitimately be held responsible and called on to justify or change its action" (Rosen et al. 2012:43). This implies that organizations can, for instance, be held accountable for their financial performance and their legal and ethical attitude. Examples include adherence to mission, use of funds, and completion of required government documents such as IRS Form 990.

Lastly, nonprofits must deal with the *how*, or procedures for ensuring accountability. Rosen and colleagues (2012) provided two components for the procedures of accountability. The first consists of evaluating organizational adherence to and compliance with predetermined criteria for a given area of accountability. For example, evaluating an organization's financial accountability would consist of assessing the organization's degree of compliance with how resources are supposed to be used. The second component is all about the "dissemination of the evaluation and responses or justifications by the accountable party or parties" (Rosen et al. 2012:45). This implies that organizations are expected to put the results of their performance at the disposal of their constituencies. This can be done in different ways, including reporting through different media.

### *Theories of Nonprofit Accountability*

The concept of accountability has been applied directly to nonprofits by a range of scholars (Ebrahim 2003; Kopell 2005; Williams and Taylor 2012). Each approach recognizes that nonprofit organizations have unique characteristics that influence how accountability is implemented.

For example, Ebrahim (2003) proposed five accountability mechanisms. The first mechanism, known as disclosure statements and reports, is the one mostly required from nonprofits in the United States and many other countries. The most popular disclosure tool for nonprofit organizations in the United States is IRS Form 990, which must be submitted to the IRS every year. The main goal of IRS Form 990 is "to ensure that the organization is in conformance with tax exemption law, and especially to demonstrate that its activities are primarily for educational, charitable, religious, or scientific purposes and for public, rather than private benefit" (Ebrahim 2003:816). The second accountability mechanism is performance assessment and evaluation, a tool that is generally used to measure the impact and performance of nonprofits. The third accountability mechanism, referred to as participation, is an ongoing process involving the availability of information to community leaders and the general public through hearings, surveys, or dialogues about the types of projects an NGO should implement or not (Ebrahim 2003). The fourth mechanism, self-regulation, refers to "efforts by NGO or nonprofit networks to develop standards or codes of behavior and performance" (Ebrahim 2003:819). This type of accountability allows nonprofits to adopt some ethical attitudes that can help them sanitize their images and benefit from public trust. Indeed, when a nonprofit is accused of mismanagement of funds, this brings about some negative externalities for other organizations (Tremblay-Boire, Prakash, and Gugerty 2016). The fifth mechanism, called social auditing, is a mixture of the four mechanisms mentioned above and consists mainly of measuring and improving an organization's social performance (Ebrahim 2003).

### *Theories of Nonprofit Online Accountability*

The accountability mechanisms as suggested by Ebrahim (2003) provide a useful and broad understanding of nonprofit accountability but do not deal directly with the unique technology-mitigated environment that nonprofits face today. As such, accountability mechanisms have been further developed by Saxton and Guo (2011) to examine specifically issues of online accountability. This literature regarding nonprofit online accountability is relatively new. Saxton and Guo defined nonprofit online accountability as nonprofit organizations reporting and providing feedback to their stakeholders through their websites. This two-dimensional view of online accountability is characterized as disclosure and dialogue. The authors identified two essential online disclosure mechanisms that make organizations accountable: financial disclosure and performance disclosure. This model, appearing to be closely related to the one proposed by Ebrahim (2003), is preferable for this research because it proposes clear items and mechanisms that allow for measuring nonprofit online accountability.

Financial disclosure is about a nonprofit providing information regarding its finances on its website. "Such disclosure aims at demonstrating accountability for finances, and in the online environment involves posting such content as budgeting materials, reporting on the utilization of financial resources, and compliance-related documents," according to Saxton and Guo (2011:273). Most often, it is expected that nonprofits disclose documents such as their audited financial statements, the amount of money they spend on administrative fees, and the policies and philosophies that guide their spending and investments. Additionally, communication by nonprofits about conflict-of-interest policies is a best practice of financial disclosure mechanisms (Saxton and Guo 2011).

As for performance disclosure, the term refers to the information related to an organization's goals and outcomes that can be found on the organization's website. It thus requires a nonprofit to disclose information regarding its goals, mission, vision, and values, as well as the impacts it is making on the community it serves (Saxton and Guo 2011).

The second dimension of online accountability, dialogue, has two main characteristics as well: solicitation of stakeholder input and interactive engagement. The first characteristic consists of a "web-based mechanism that can tap stakeholders' preferences, needs, and demands in such a way that, ultimately, stakeholders have some degree of say in the organization's decision-making regarding policies and programs" (Saxton and Guo 2011:274)—surveys that stakeholders can take on the organization's website, allowing them to express their opinions on the way things are managed, for instance. The second characteristic, interactive engagement, heavily relies on Web 2.0 tools, such as social media and blogs, to "facilitate intense interactions between actors and, moreover, that highly interactive content targeted at core stakeholders is a key component of an organization's attempts to be accountable to those stakeholders by responding to their preferences" (Saxton and Guo 2011:274).

### *Advantages of Nonprofits' Online Accountability*

A variety of studies have proven that many advantages exist for nonprofits that disclose information online. Blouin and Lee (2013) summarized the benefits of online disclosure: It helps build trust, it leads to increased donations, it sets the organization apart, and it helps the organization be accountable to donors and clients. Additionally, Dethier et al. (2021) argued that one outcome of nonprofit transparency is enhancing the organization's legitimacy and its stakeholders' trust.

Other research has also concluded that when organizations are transparent online, their potential to raise more funds increases (Frumkin and Kim 2000; Gandia 2011; Lee and Joseph 2012; Schnackenberg and Tomlinson 2014). Competition among the millions of nonprofits is high, and organizations must gain the trust of stakeholders in order to prosper. This trust is usually gained through organizations' transparency. A current reality is that many people are learning about nonprofits through the internet, which affects the way they volunteer or donate to nonprofit organizations (Saxton et al. 2013). Nonprofits that extensively disclose their financial and performance information online are usually perceived as transparent and considered to be those who do not have anything to hide. Saxton, Neely, and Guo (2013) found that performance disclosure and annual report disclosure have a positive impact on the level of donations that nonprofits received. Organizations that disclose more online receive more charitable contributions.

In the same sense, Zhuang, Saxton, and Wu (2011) asserted that an excellent way for organizations to stand out in the market of charitable donations is to disclose pertinent information online. Indeed, voluntary disclosure of financial and performance information allows organizations to publicize donations and to demonstrate their efficiency and effectiveness to their current and future donors (Chu and Luke 2021; Zhuang et al. 2011). Zhuang and colleagues concluded that "the amount of charitable contributions made by donors is positively dependent upon the amount of value-relevant disclosure made by the nonprofit organization" (p. 482). In other words, the higher the level of disclosure, the higher the level of charitable gifts a nonprofit receives. It is important for nonprofit organizations to disclose their financial management and the outcomes of their programs in a way that maintains and attracts more donors. Similarly, Parsons (2007) found that donors who have already donated to an organization are more likely to give more when they are given some financial efficiency measures.

### *Practices of Accountability*

Previous studies have found that nonprofit organizations were not using the internet to their full potential to demonstrate accountability (Kang and Norton 2004; Lee et al. 2012; McNutt et al. 2018; Saxton and Guo 2011; Waters 2007). Generally, organizations disclose information about finance and performance alone, failing to engage in dialogue with stakeholders.

The size, in terms of assets, of a nonprofit plays a crucial role in the nonprofit's online accountability. Organizations with more substantial assets and revenue tend to be more accountable online than do smaller ones (Hackler and Saxton 2007; Lee and Joseph 2012; Saxton and Guo 2011; Slatten et al. 2016). This means that an organization's level of accountability is increased by its size. Gandia (2011) found, however, that it is the organization's level of accountability that helps it grow in size. The level of donations an organization receives is related to the quantity of information available on its website. This means that the more transparent an organization is, the more contributions it receives from donors. This was confirmed by research conducted by scholars Harris and Neely (2018) from the University of Wisconsin and Villanova University. They found that nonprofits that have a seal (bronze, silver, gold, platinum) of transparency on GuideStar got an average of 53% more contributions the following year and that organizations that have silver seals get more donations than those with bronze seals.

Organizational age also has an impact on online accountability. Research has demonstrated that younger organizations have a higher level of online accountability than do their older counterparts (Lee and Bhattacherjee 2011; Lee et al. 2012). This is mainly because older organizations have the tendency to reflect the era in which they were founded. In fact, because information and communication technologies are relatively new, older nonprofits have difficulties adopting and using online accountability practices at the same level as younger organizations (Lee et al. 2012).

Organizational size in terms of personnel has a negative correlation to online accountability (Lee et al. 2012). This means that an organization's size as determined by number of personnel does not determine its level of accountability. It is not because a nonprofit is considered large that it displays a higher level of accountability than a small one. Other elements of size, such as funding, may affect accountability, however.

Organizational location and subsector play a crucial role in accountability. Depending on where they are, some nonprofits tend to be more accountable than others. Slatten and colleagues (2016) found that nonprofit organizations in the arts, culture, and humanities subsectors disclose information online only when they are in states that provide legal sanctions for not doing so. This is due to what the authors referred to as prosecution and a detection index, which are mechanisms that allow for prosecuting organizations in case of asset theft or misuse of funds. Organizations do not pay much attention to online accountability in states that have a low detection and prosecution score, however. It can then be inferred that location matters to nonprofit accountability. In the same sense, Chu and Luke (2021) concluded that nonprofits usually disclose online where it is mandatory. Indeed, geographic location is an important factor related considerably to the shape of political culture and behavior of organizations in the United States (Elazar 1980).

A comparison of urban and rural nonprofits in the United States indicated that organizations located in urban areas receive more funding from donors than those in rural areas (Association of Fundraising Professionals and Center on Philanthropy at Indiana University 2010). In addition, when nonprofits have fewer financial resources, they have more issues with the quality and quantity of their staffing abilities (Mackie and Lips 2010). Consequently, because nonprofits in urban areas provide better pay, with better opportunities for employees to advance (Mackie and Lips 2010), they tend to attract better-skilled and tech-savvy personnel who can effectively handle accountability through new information and technology tools. In addition, such organizations have more capabilities to build the capacity of their employees to meet the standards of the century in terms of online accountability. In contrast, nonprofits in poor rural areas are more likely to have less technological support for effective online disclosure (Dethier et al. 2021). Those types of nonprofits are usually limited in resources to develop the capacity and competence of their employees.

Regarding the subsectors being studied, scholars found that they differ in terms of their practices online. Education and healthcare nonprofits tend to be more communicative with their stakeholders as compared to the four other types of organizations proposed by the Association of Fundraising Professionals (Waters 2007). As for the human services subsector, Hoefer and Twis (2018) found that organizations do not engage enough with their stakeholders through their websites. These organizations could do better in terms of financial mobilization if they would "consider putting in place a clear process for moving the potential stakeholder from someone who 'stopped by' the website to someone who provides monetary resources, participates in mission-driven


DOI: 10.22543/2766-0796.1082

activities, and proffers moral support to clients, staff members, and the organization itself" (p. 269). Nonprofit leaders who successfully put into practice this recommendation produce better results in gaining public trust and receiving more donations, thus benefiting from the advantages of online accountability.

### *Predictors of Accountability*

Leadership is crucial in achieving accountability (Watt Geer, Maher, and Cole 2008). Researchers found that the level of transformational leadership exhibited by a nonprofit's executive director has a substantial positive relationship with the organization's level of accountability. Leadership from an organization's staff and board of directors is therefore essential in accomplishing greater accountability: "While the board of directors plays a crucial role in governance, the chief executive is charged with setting the tone and agenda within the organization, which implies that the CEO also plays a central role in achieving accountability" (Watt Geer et al. 2008:58). This means that the board of directors and the executive director of a nonprofit have an essential role in demonstrating accountability.

Furthermore, Watt Geer et al. found that an organization's commitment to operating standards (i.e., codes of professional conduct or ethics) has a positive impact on its accountability. Organizations that invest in some professional development of their personnel in away to inculcate in them some essential leadership skills, theoretical aspects of nonprofits, and codes of ethics are therefore more likely to be more accountable. A ripple effect of such investments is that the personnel highly contribute to enhancing the nonprofit's performance and facilitate the execution of its mission (Watt Geer et al. 2008).

In the same dynamic, Young (2002) also believes that leadership and professionalism are essential to nonprofits' accountability. He suggested five key strategies that can help promote genuine accountability in the nonprofit sector: First, expand nonprofit management education in such a way that professionals understand that the sector is centered on mission over finance. This fosters greater emphasis on ethical principles and the pursuit of the public good. Second, appoint board members who understand the mission and educate trustees to the character of the nonprofit. This implies that the composition of an organization's board members should not be created haphazardly. It is essential to make sure that the people who are invited to join a board of directors have some knowledge about the mission that the organization is committed to accomplishing. It should not be all about the money they can bring in. Providing training sessions for the board is also vital for the success of the organization. Third, promote transparency, because the viability of nonprofits is determined by trust not only from donors but also, most importantly, from the general public. That is why it is crucial for organizations to disclose essential information regarding finances and performance to the public. Fourth, include professional workers in institutional decision-making. This is particularly valid for nonprofits that intervene in education, health, social services, and art institutions. Professional workers in those subsectors have a better knowledge of the job, and their involvement in critical decision-making can therefore help avoid errors that can jeopardize organizations. Fifth, develop accountability systems and guidelines.

Three main mechanisms have been proposed by Young (2002) for that purpose. Firstly, the nonprofit sector should police itself through standard-setting or professional organizations, such as the Association of Fundraising Professionals. Secondly, "nonprofits need to be systematic and open in a way they articulate and refine their missions, identify indicators of mission achievement, specify the roles of each of their stakeholders in that mission, and design the processes and criteria they use for determining and evaluating their actions," says Young (2002:18). Thirdly, each nonprofit needs to come up with accountability guidelines that align with its mission and core values.

Other scholars have tackled the issue of nonprofit accountability in relationship with its effects on organizations. Sloan (2009) found that positive accountability ratings increase donors' contributions to a nonprofit organization. Likewise, Becker (2018) concluded that nonprofit organizations that have certified quality and transparency standards are generally perceived by the general public as having higher reputations and quality. Becker also found that "organizations that do not comply with any quality and transparency standards score lower in terms of public trust, reputation, perceived quality, and donation behavior" (2018:576). For Christensen and Ebrahim (2006), the fact that nonprofits submit different accountability documents does not prevent them from focusing on the execution of their missions. In fact, nonprofit leaders do not take very seriously required accountability documents that they find not very important. Christensen and Ebrahim concluded that the "central challenge for nonprofits and funders alike lies in creating a culture of accountability that is built on mission and purpose rather than on external scrutiny" (2006:208).

Valentinov (2011) suggested innovative accountability mechanisms for nonprofits, proposing that "nonprofit managers should broaden their accountability mechanisms in such a way as to include reporting about how their nonprofits contribute to democracy building, civic participation, social capital, and other constituents of the processual public interest" (p. 39). One way to achieve innovative accountability is via information and communication technologies; hence the relevance of the current study. Online tools are great resources that can be used by nonprofit leaders to account for their actions and achievements to their stakeholders and the general public. The notion of innovative accountability has also been explored by Keating and Frumkin (2003), who proposed seven directions that could improve nonprofits' financial accountability. The first direction suggests that board and senior staff members should work collaboratively to create effective internal management and board governance. The second direction is for a revision of IRS Form 990 to conform to generally accepted accounting principles and encourage the disclosure of audited financial statements is necessary. Keating and Frumkin's third direction recommends that organizations should disclose their financial statements online. The fourth direction suggests that educating and informing stakeholders can improve stakeholders' understanding of financial reporting. The fifth direction is for more disclosure tools, such as meeting minutes, to be put at the disposal of stakeholders, and the sixth recommends the creation of a new organization that focuses on coordinating nonprofits' financial reports. Finally, the seventh direction suggests the creation of an independent commission that will deal with reporting systems and provide recommendations as necessary.

*Subsector Differences*

As mentioned above, very little research has focused on nonprofit online accountability by subsector. Waters, Burnett, Lamm, and Lucas (2009) mentioned that the nonprofit sector had been grouped into six subsectors: arts and culture/humanities, education, health, human services, public benefit, and religion. This research focuses on arts and culture, education, health, and human services. Collectively, these subsectors comprise more than 75% of all registered public charities in the United States. Religion and public benefit organizations were excluded because they operate under a different legal regime. Religious organizations are not required to register, which makes them less comparable in research. Public benefit organizations often have different governance and regulatory systems (Turrillas 2014). The following sections will outline differences in the subsectors being studied regarding revenue, philanthropic support, and volunteerism.

Human services, or social services, serves as the largest subsector among nonprofits, comprising more than one-third of the entire sector, based on number of organizations (McKeever 2018). This subsector is generally made up of organizations such as food banks, homeless shelters, youth services, sports organizations, and family services. These represent 35.2% of public charities in the United States (McKeever 2018). The second largest subsector is education. This field is made up of organizations such as schools, universities, parent-teacher associations, and booster clubs (McKeever 2018). Although the health subsector had fewer organizations than did human services and education, it had more than half of all public charities' revenue in 2015, at 58.7%. According to Benzing, Leach, and McGee (2010), the arts and culture subsector makes up 10.1% of all public charities in the United States. Benzing and colleagues (2010) reported that the arts and culture subsector is considerably dependent on funding from governments, private foundations, and individual donors.

As indicated in Table 1, among the four subsectors being studied, education received the highest contribution in 2018, with 14% of total philanthropic gifts to charities in the United States. Large donations dominate the education landscape (Giving USA 2019). Indeed, the education subsector increasingly relies on capital campaigns to raise funds. The human services subsector came second, with 12% of charitable donations received, of which disaster relief formed the substantial component. As for the health subsector, it ranked third of the four, receiving 10% of total charitable contributions in 2018, with most of its funding coming from earned revenue. Large gifts also dominated this subsector, and most of these gifts aimed at addressing the century's toughest health challenges, such as cancer and neurological and behavioral diseases (Giving USA 2019). The arts and culture subsector received the least charitable contributions, with only 5% of total gifts to nonprofit organizations in 2018.

Nonprofit organizations rely heavily on volunteers to execute their daily activities. According to McKeever (2018), more than 2/5 of public charities rely on volunteers, although O'Neill (2009) found that individuals' decisions to volunteer with organizations are influenced by the level of trust they have in the organizations. Table 1 summarizes the percentage of Americans volunteering in the four subsectors. As shown in Table 1, education attracts more volunteers than the other subsectors. This, according to O'Neill (2009), is because American ideals are heavily linked to education and opportunity. Americans believe, for instance, that higher education is good for the economy and that it produces good citizens. These aspects motivate not only volunteerism but also financial donations.

**Table 1. Number of Organizations, Revenue, Assets, Charity, Personnel, and Volunteering in Four Nonprofit Subsectors**

| Subsector | Number | Revenue | Assets | Charity | Personnel | Volunteering |
|---|---|---|---|---|---|---|
| Arts and culture | 31,429 | $40.6 | $127.9 | $19.49 | 360,000 | 9% |
| Education | 54,214 | $354.3 | $1,128.8 | $58.72 | 1,920,000 | 17% |
| Health | 38,861 | $1,160.5 | $1,574.1 | $40.78 | 6,600,000 | 11% |
| Human services | 110,801 | $234.1 | $357.1 | $51.54 | 1,440,000 | 16% |

*Notes:* Revenue, assets, and charity shown in billions. Volunteering shown in percent of Americans who volunteer.

*Sources*: Giving USA (2019); McKeever (2018); O'Neill (2009); Salamon and Newhouse (2019).

## HYPOTHESES

As presented above, prior research on nonprofits' online accountability has found that organizational accountability is affected by an organization's number of personnel, as well as its age, location, revenue, and asset size. The major gap in the previous literature is that nonprofits' online accountability by organizational typology has not been well studied. The social importance and scientific relevance of this study is therefore that it will provide researchers as well as nonprofits' professionals with answers regarding nonprofit organizations' online accountability, focusing on subsectors. Based on the subsector differences identified above, this study hypothesizes that accountability behaviors will differ among organizations based on subsector.

*Hypothesis 1*: Organizational subsectors affect the degree of organizations' online accountability.
*Hypothesis 2*: As total asset size increases, level of online accountability increases.
*Hypothesis 3:* As total revenue increases, online accountability increases.

A variable that has not been very well explored is the relationship between organization staff size and online accountability. Because organizations with higher revenues can hire more employees, it is reasonable to expect that number of personnel will affect online accountability.

*Hypothesis 4:* As number of personnel increases, online accountability increases.

Previous research has also found that geographic location has an impact on organizational behavior (Elazar 1980; Slatten et al. 2016). It can therefore be expected that nonprofit location will affect the degree of online accountability.

*Hypothesis 5:* Organizational location affects online accountability.

The analysis below will examine the effects of each of these variables on total accountability. Additional analysis will be conducted to break total accountability into its composite parts (financial disclosure, performance disclosure, stakeholder input, and interactive engagement). This latter analysis will replicate hypotheses 1–5 for the component parts of the index in order to confirm that the larger measure does not mask differences in the subscales and to identify the source of differences that might exist in the aggregate measure of accountability.

## METHODOLOGY

To test our hypotheses, we randomly selected organizations in arts and culture, health, education, and human services based on the 2015 National Center for Charitable Statistics (NCCS) core file. The 501(3) file was downloaded, then sorted by state because the research is focused on organizations in two counties of Southern Indiana: Vanderburgh and Warrick. The study was constrained geographically to control regional-level variables and to isolate the effect of sector. To get those organizations in those two counties, the file was sorted by zip code, and zip codes outside of the two-county region were excluded.

A random selection of organization by subsector was made based on NTEE codes; thus, nonprofits in categories A (arts and culture); B (education); E, F, G, and H (health); and I, J, K, L, M, N, O, and P (human services) were identified from the file. A total of 132 organizations met the selection criteria, which consisted of operating in the arts and culture, education, health, or human services subsector and being located in Vanderburgh or Warrick County in Indiana. The nonprofits were selected using a random number generator and included 12 organizations in arts and culture, 11 in education, 14 in health, and 18 in human services, for a total of 55 organizations obtained and used as observations for this study (see Appendix A).

A web-content analysis of the 55 organizations was done based on a mixture of variables proposed by Saxton and Guo (2011) and Lee et al. (2012). The web-content analysis consisted of searches to find each organization's website. Each website was then systematically reviewed, page by page, by one author to identify the content under investigation. The web-content analysis examined the presence of financial and performance disclosures, solicitation of stakeholder input, and interactive engagement. Each of these items was binary, and the presence of the accountability feature was noted in a spreadsheet as present or not present.

The dataset on which these results are based includes a combination of 2015 NCCS core files and analysis of web content. Although the original data were not checked for intercoder reliability, a post-study peer check of 15 organizations was conducted prior to publication (Neuendorf 2017). The 15 elements of online accountability that were part of the web-content analysis were reviewed for each of the 15 organizations, and a Cohen's kappa was computed for each element. The Cohen's kappa was 1.0 for each measure. Although this represents the gold standard in reliability, some caution should be exercised, as web content changes over time and the content at the peer check could differ from content at the time the original study was conducted.

*Measures of Nonprofits' Online Accountability*

A variety of dependent and independent variables were used to measure organizational online accountability, including financial disclosure, performance disclosure, solicitation of stakeholder input, and interactive engagement (see Table 2 and Appendices B and C).

*Financial Disclosure.* Financial disclosure is related to the availability of financial information on the organizations' websites. This research identified four financial items to demonstrate the organizations' financial disclosures. These include an annual report, IRS Form 990, the audited financial statement, and the administrative costs for funds. Observed organizations scored 1 when the item was available on their websites or 0 when it was not; the same code was used for the performance disclosure, stakeholder input, and interactive engagement items.

*Performance Disclosure.* Performance disclosure is related to the disclosure of information regarding the organization's goals and the impacts that they are having in their domains of intervention. To measure performance disclosure, three items were identified: mission, description of the organization's purpose, and report on outcomes. We made sure that each organization's mission statement was clearly mentioned on its website, followed by a description of the organization's purpose. Reports on impacts were checked by verifying that the observed organizations shared stories of program successes or failures on their websites.

*Solicitation of Stakeholder Input.* This variable is about the possibility for stakeholders to contribute through suggestions for the well-functioning of organizations. Web analysis examined the presence of contact information, stakeholder surveys, message forums, and staff member lists. Contact information was checked by making sure an organization provided an e-mail address and/or a phone number for stakeholders to reach them when needed. Regarding staff members, we checked whether the organization had a list of these on its website. Instead of staff members, some organizations provided lists of their boards of directors. These were considered as staff members for this study because board members are also people who can be contacted to discuss issues regarding the functioning of organizations.

*Interactive Engagement.* Interactive engagement considers whether organizations have mechanisms that can facilitate dialogue with constituencies. Four items were identified to measure interactive engagement: a link to the organization's Facebook page, a blog, newsletters, and an e-donation button. We checked for interactive engagement items only on organizations' websites. For example, we did not check how many posts organizations made on their Facebook pages or how regularly they posted on their blogs. For the purpose of this study, having a link to the items was enough to score 1.

**Table 2. Online Accountability Measure Items**

| Measure | Components |
|---|---|
| Financial disclosure | • Annual report<br>• IRS Form 990<br>• Audited financial statement<br>• Administrative costs for funds |
| Performance disclosure | • Mission<br>• Purpose statement or description<br>• Reports on outcomes |
| Stakeholder input | • Contact information<br>• Stakeholder survey<br>• Message forum<br>• List of staff or board members |
| Interactive engagement | • Facebook<br>• Blog<br>• Newsletter<br>• E-donation |

The data regarding asset size, revenue, personnel number, and location of each organization were found on the 2015 NCCS core file as well. The asset size of an organization is its total asset. Total revenue of an organization refers to the funds generated through the organization's primary operation and may include service fees, membership fees, and fundraising, to name just a few. Total assets and revenue are reflective of what is reported to the IRS on organizations' tax returns. Personnel size refers to the number of employees recorded on the organization's Form 990. The location of an organization refers to whether the mailing address of the nonprofit is in the primary city of the metropolitan area (coded 1) or outside of the primary city (coded 0).

*Data Analysis*

The coding of the observed organizations' websites was done by a single person, the principal investigator. The data collected were then entered into SPSS for analysis. To measure total accountability, four variables were computed in SPSS:

Total accountability = financial disclosure + performance disclosure + stakeholder input + interactive engagement

The component parts for each variable are shown in Table 4. Five regression tests were then performed to measure total accountability, financial disclosure, performance disclosure, stakeholder input, and interactive engagement. Asset size, total revenue, personnel size, and dummy variables for arts and culture, education, and human services subsectors (with health as the excluded category) were used as the independent variables. The city of Evansville, Indiana, was used as a dummy variable.

*Regression 1:* $\text{TotalAccountability} = \alpha + \beta_1\text{Assets} + \beta_2\text{Revenue} + \beta_3\text{Personnelsize} + \beta_4\text{Artsandculturedummy} + \beta_5\text{Educationdummy} + \beta_6\text{Humanservicesdummy} + \beta_7\text{Locationdummy}$

*Regression 2:* $\text{Financialdisclosure} = \alpha + \beta_1\text{Assets} + \beta_2\text{Revenue} + \beta_3\text{Personnelsize} + \beta_4\text{Artsandculturedummy} + \beta_5\text{Educationdummy} + \beta_6\text{Humanservicesdummy} + \beta_7\text{Locationdummy}$

*Regression 3:* $\text{Performancedisclosure} = \alpha + \beta_1\text{Assets} + \beta_2\text{Revenue} + \beta_3\text{Personnelsize} + \beta_4\text{Artsandculturedummy} + \beta_5\text{Educationdummy} + \beta_6\text{Humanservicesdummy} + \beta_7\text{Locationdummy}$

*Regression 4:* $\text{Stakeholderinput} = \alpha + \beta_1\text{Assets} + \beta_2\text{Revenue} + \beta_3\text{Personnelsize} + \beta_4\text{Artsandculturedummy} + \beta_5\text{Educationdummy} + \beta_6\text{Humanservicesdummy} + \beta_7\text{Locationdummy}$

*Regression 5:* $\text{Interactiveengagement} = \alpha + \beta_1\text{Assets} + \beta_2\text{Revenue} + \beta_3\text{Personnelsize} + \beta_4\text{Artsandculturedummy} + \beta_5\text{Educationdummy} + \beta_6\text{Humanservicesdummy} + \beta_7\text{Locationdummy}$

## RESULTS

Tables 3 through 8 present the descriptive statistics for total accountability, financial and performance disclosure, stakeholders input, and interactive engagement.

Table 3 indicates that the minimum score for total accountability was 0. The highest score for total accountability was 12, and the average was 6.2182. This suggests that, on average, nonprofits demonstrated just over 6 tools of accountability.

**Table 3. Descriptive Statistics for Total Accountability**

| | Minimum | Maximum | Mean | Standard deviation |
|---|---|---|---|---|
| Total accountability | 0 | 12 | 6.2182 | 3.20700 |

https://scholar.valpo.edu/mssj/vol26/iss1/12
DOI: 10.22543/2766-0796.1082

As shown in Table 4, most of the nonprofit organizations in the four subsectors did not disclose important financial information on their websites. Only 16.7% of nonprofits in human services and arts and culture, 27.3% in education, and 21.4% in health disclosed their annual reports on the web. IRS Form 990 was disclosed by 22.2% of human services nonprofits, 8.3% of arts and culture organizations, and 7.1% of health organizations. None of the observed nonprofits in education reported their IRS Form 990. As for an audited financial statement, only 27.8% of nonprofits in human services, 8.3% in arts and culture, and 7.1% in health provided this on the web. The last item for financial disclosure, administrative cost, was reported by 5.6% of nonprofits in the human services subsector.

**Table 4. Descriptive Statistics for Financial and Performance Disclosures, Stakeholder Input, and Interactive Engagement by Subsector**

| | Human Services | Arts and Culture | Education | Health |
|---|---|---|---|---|
| Annual report | 16.7% | 16.7% | 27.3% | 21.4% |
| IRS Form 990 | 22.2% | 8.3% | 0.0% | 7.1% |
| Audited financial statement | 27.8% | 8.3% | 0.0% | 7.1% |
| Administrative cost | 5.6% | 0.0% | 0.0% | 0.0% |
| Mission | 61.1% | 83.3% | 81.8% | 57.1% |
| Organization purpose | 77.8% | 83.3% | 90.9% | 85.7% |
| Report on outcomes | 66.7% | 58.3% | 54.5% | 35.7% |
| “Contact us” button | 72.2% | 83.3% | 90.9% | 78.6% |
| Stakeholder survey | 0.0% | 0.0% | 9.1% | 21.4% |
| Message forum | 16.7% | 25.0% | 18.2% | 28.6% |
| Staff member list | 61.1% | 75.0% | 72.7% | 71.4% |
| Facebook page | 72.2% | 75.0% | 63.6% | 85.7% |
| Blog | 0.0% | 8.3% | 0.0% | 14.3% |
| Newsletter | 38.9% | 50.0% | 36.4% | 42.9% |
| Donation button | 55.6% | 91.7% | 81.8% | 57.1% |

Disclosure on performance, measured by the availability of the organization’s mission, purpose, and report on outcome, was the accountability measure most provided online by nonprofit organizations. Organizations in the arts and culture subsector tended to be the most prone to having their mission statements online (83.3%), followed by education (81.8%), human services (61.1%), and health (57.1%). Regarding the organization’s purpose, 90.9% in education had the information online, followed by 85.7% in health, 83.3% in arts and culture, and 77.8% in human services. Report on outcomes, the third item for performance disclosure, was provided on the web by 66.7% of organizations in human services, 58.3% in arts and culture, 54.5% in education, and 35.7% in health.

For stakeholder input, 90.9% of nonprofits in education, 83.3% in arts and culture, 78.6% in health, and 72.2% in human services had “Contact us” buttons on their websites. Only 21.4% of nonprofits in health and 9.1% in education provided a stakeholder survey on the web; the other two subsectors in our study did not. Another measure of stakeholder input was the presence of a message forum, and 28.6% of health organizations, 25% of arts and culture, 18.2% of education, and 16.7% of human services provided such platforms online. Lists of staff members were provided online by 75% of organizations in arts and culture, 72.7% in education, 71.4% in health, and 61.1% in human services.

Our items for interactive engagement were the existence of a Facebook page, a blog, a newsletter, and the possibility of making online donations. For the Facebook page, 85.7% of organizations in health, 75% in arts and culture, 72.2% in human services, and 63.6% in education had one. Only 14.3% of organizations in health and 8.3% in arts and culture had a blog. The presence of a newsletter was dominated by arts and culture nonprofits, with 50% of organizations having one, against 42.9% of health, 38.9% of human services, and 36.4% of education organizations. The presence of a “Donate” button online was led by organizations in the arts and culture subsector (91.7%), followed by education (81.8%), health (57.1%), and human services (55.6%).

Table 5 shows that a large majority (78%) of the observed organizations was found in the Evansville municipal area. Counties in the metropolitan statistical area consisted of Gibson, Posey, Vanderburgh, and Warrick, with Evansville being the major city. The excluded group for this study contained 21% of the organizations.

**Table 5. Organization Location**

| Location | Percent | Number |
|---|---|---|
| Outside Evansville, IN | 21.4% | 12 |
| Evansville, IN | 78.6% | 43 |

Table 6 presents the minimum, maximum, mean, median, and standard deviation for asset size, total revenue, and personnel size of the observed organizations. The data indicate that the average asset size of an organization was $18,705,612, but a more representative median was $515,559. The average total revenue of the nonprofits was $2,914,764, with a median of $0.00. The average number of employees in an organization was 190.15. As can be seen in these numbers, average levels of assets, revenue, and personnel were inflated because of the presence in the sample of several very large organizations.

### *Effects on Total Accountability*

The results of the regression tests offer great insights about the effect of subsector on organizational online accountability. These tests were done using seven independent variables: asset size, total revenue, personnel size, arts and culture subsector, education subsector, human services subsector, and city of Evansville. The first regression was to measure total accountability; the model in Table 7 explains 22.9% of the variation in total accountability.

**Table 6. Descriptive Statistics for Assets, Revenue, and Personnel Size**

| | Min. | Max. | Mean | Standard Error | Median | Standard Deviation |
|---|---|---|---|---|---|---|
| Asset size | 0 | $692,942,970 | $18,705,612 | $13,039,802 | $515,559 | $96,705,760 |
| Revenue | 0 | $49,105,461 | $2,914,764 | $1,032,185 | $0.00 | $7,654,892 |
| Personnel size | 0 | 5538 | 190.15 | 105.919776 | 10.00 | 785.522 |

**Table 7. Regression Coefficient for Total Accountability**

| | Coefficient | Standard Error | *p* |
|---|---|---|---|
| Asset size | –3.28E–08 | 0 | .128 |
| Total revenue | 1.04E–07 | 0 | .051 |
| Personnel size | .004 | .003 | .097 |
| Arts and culture subsector | 2.493 | 1.203 | .044 |
| Education subsector | 1.481 | 1.178 | .215 |
| Human services subsector | 1.148 | 1.069 | .288 |
| Evansville | 3.459 | 1.018 | .001 |
| Adj $R^2$ | .229 | *F* | 3.288 |

Except for total assets, the findings for the control variables are consistent with past research. The findings show a statistically significant effect of an organization's total revenue on its online accountability ($p < .051$). For every additional $100,000, there is an increase of .01 units in an organization's online accountability. A statistically significant effect of personnel size on online accountability was also found. Table 7 shows a 90.3% level of confidence that for each additional employee, there is a .004 increase of online accountability. Results also indicate that the location of an organization significantly affects its online accountability ($p < .001$). There is a substantively significant effect because nonprofits in Evansville have 3.459 more units of accountability than those outside of Evansville. This regression indicates no statistically significant effect of asset size on total accountability ($p < .128$), which is inconsistent with past research.

Despite the set of findings for total accountability, there are some distinctions between subsectors depending on the type of accountability being measured.

*Financial Disclosure Effects*

The second regression examined financial disclosure (Table 8) and explains 28% of the variation in financial disclosure. The data indicate, as with total accountability, greater than 99.9% confidence that an organization's total revenue has a statistically significant effect on its financial disclosure ($p < .000$). For each additional $100,000, there is a .0588 unit increase in financial disclosure. We are 91.8% confident that human services subsector has a statistically significant effect on financial disclosure. There is a substantively significant effect because nonprofits in the human services subsector have .515 units of accountability more than nonprofits in the health subsector. There is no effect for the education or arts and culture subsector.

**Table 8. Regression Coefficient for Financial Disclosure**

| | Coefficient | Standard Error | *p* |
|---|---|---|---|
| Asset size | –1.90E–09 | 0 | .743 |
| Total revenue | 5.88E–08 | 0 | .000 |
| Personnel size | .000 | .001 | .777 |
| Arts and culture subsector | .281 | .326 | .392 |
| Education subsector | .204 | .319 | .525 |
| Human services subsector | .515 | .289 | .082 |
| Evansville | .496 | .276 | .079 |
| Adj $R^2$ | .28 | *F* | 4.007 |

Regarding the effect of an organization's location on its financial accountability, the data indicate a 92.1% level of confidence ($p < .079$) that organizations in Evansville are 3.45 units more accountable than those not in Evansville.

*Performance Disclosure Effects*

A third regression, for performance disclosure, explains 8.3% of variation in performance disclosure. This low variation might be because subsectors are not a considerable predictor of performance accountability. As with the other forms of regression, this finding shows that organizations in Evansville are more prone to performance disclosure than are their counterparts in this study. Additionally, the arts and culture subsector has a statistically significant effect on performance disclosure, with 93.9% confidence. There is a substantively significant effect, because organizations in arts and culture are .865 units of accountability higher than those in the health subsector (Table 9). The education and human services subsectors do not have a significant effect on performance disclosure.

**Table 9. Regression Coefficient for Performance Disclosure**

| | Coefficient | Standard Error | *p* |
|---|---|---|---|
| Asset size | –5.24E–09 | 0 | .513 |
| Total revenue | 1.48E–08 | 0 | .451 |
| Personnel size | .001 | .001 | .576 |
| Arts and culture subsector | .865 | .451 | .061 |
| Education subsector | .736 | .442 | .102 |
| Human services subsector | .554 | .401 | .174 |
| Evansville | 1.061 | .382 | .008 |
| Adj $R^2$ | .083 | $F$ | 1.697 |

*Stakeholder Input Effects*

The fourth regression was for stakeholder input, explaining 16.3% of the variation of stakeholder input (Table 10). The results indicate a statistically significant effect of an organization's location on stakeholder input. We are more than 99.2% confident that organizations in Evansville provide opportunities for stakeholder input on their websites, as compared to organizations in the surrounding cities ($p < .008$). There is a substantively significant effect, because organizations in Evansville are .897 units of accountability higher than are those outside of Evansville.

**Table 10. Regression Coefficient for Stakeholder Input**

| | Coefficient | Standard Error | *p* |
|---|---|---|---|
| Asset size | –9.39E–09 | 0 | .169 |
| Total revenue | 8.64E–09 | 0 | .601 |
| Personnel size | .001 | .001 | .093 |
| Arts and culture subsector | .398 | .381 | .302 |
| Education subsector | .262 | .373 | .486 |
| Human services subsector | –.074 | .339 | .829 |
| Evansville | .897 | .322 | .008 |
| Adj $R^2$ | .163 | $F$ | 2.506 |

Additionally, there is a significant effect of personnel size on the provision of stakeholder input on an organization's website ($p < .093$). The $p$ value indicates a 90.7% confidence level for the effect of personnel size on stakeholder input, and for each additional employee, there is a .001 increase in stakeholder input items.

### *Interactive Engagement Effects*

The fifth regression was for interactive engagement, and explaining 20.7% of the variation (Table 11). The data present some statistically significant effects of asset size ($p < .036$), personnel size ($p < .020$), and location ($p < .008$) on interactive engagement on organizations' websites. For each additional $100,000 dollars in asset size, there is a .0163 not substantive decrease in stakeholder input items.

**Table 11. Regression Coefficient for Interactive Engagement**

| | Coefficient | Standard Error | *p* |
|---|---|---|---|
| Asset size | –1.63E–08 | 0 | .036 |
| Total revenue | 2.17E–08 | 0 | .245 |
| Personnel size | .002 | .001 | .020 |
| Arts and culture subsector | .949 | .429 | .032 |
| Education subsector | .278 | .420 | .511 |
| Human services subsector | .153 | .381 | .689 |
| Evansville | 1.006 | 0.362 | .008 |
| Adj $R^2$ | .207 | *F* | 3.018 |

Regarding the effect of personnel size, the data indicate that for every additional employee, there is a .002 increase of interactive engagement items on an organization's website. This finding confirms the expected outcome that as personnel size increases, online accountability increases, but the effect size is somewhat insignificant. As for the location, the data show a substantively significant effect; organizations in Evansville have 1.006 units of accountability more than those outside of Evansville.

Furthermore, the arts and culture subsector has a statistically significant effect on interactive engagement ($p < .032$). There is a substantively significant effect because organizations in the arts and culture subsector are .949 units of accountability greater than those in the health subsector. The effect of the education and human services subsector is not significant for stakeholder input.

## DISCUSSION

Table 12 summarizes our five hypotheses and our findings. The plus (+) sign indicates accountability measures that were supported, and the minus (–) sign indicates those that were not.

This comparison of four nonprofit subsectors based on degree of online accountability found that the degree of online accountability depended on the type of accountability being measured, thus confirming the first hypothesis. The differences were contingent upon the type of accountability studied, however. Organizations in the arts and culture and human services subsectors tended to be more accountable on various aspects as compared to those in the health subsector. On performance disclosure, for example, the arts and culture subsector was more prone to disclosing information online. Additionally, the arts and culture subsector appeared to be more interactive with stakeholders than was the health subsector. This is likely because health organizations traditionally rely on exchange transactions to operate. Because they rely less on donations, they might be tempted to believe they do not have to account to the public online. Furthermore, nonprofits in human services were found to be more accountable regarding financial disclosure than were organizations in the health subsector. This may be because human services nonprofits rely heavily on funding from government and corporate foundations and are more bound to financial transparency as a stipulation of grants than are health organizations.

**Table 12. Summary of Hypotheses and Results**

| Hypothesis | Result |
| --- | --- |
| H1: Organizational subsectors affect the degree of organizations' online accountability. | Supported |
| H2: As total asset size increases, level of online accountability increases. | Not supported |
| H3: As total revenue increases, online accountability increases. | + Online total accountability<br>+ Financial disclosure<br>– Performance disclosure<br>– Stakeholder input<br>–Interactive engagement |
| H4: As number of personnel increases, online accountability increases. | + Online total accountability<br>+ Stakeholder input<br>+ Interactive engagement<br>– Performance disclosure<br>– Financial disclosure |
| H5: Organizational location affects online accountability. | Supported |

The second hypothesis, which examined total asset size effect on online accountability increases, was not supported. There is no statistically significant effect of asset size on online accountability in nonprofit subsectors ($p < .128$). This finding contradicts prior research that found that asset size had a positive effect on accountability (Saxton and Guo 2011; Lee and Joseph 2012; Slatten et al. 2016). The only exception was that total asset size had a positive effect on interactive engagement. The negative effect of total asset size on total accountability might be because nonprofits with larger assets do not need to rely too much on charitable donations. An organization with a huge endowment, for example, is less invested in new individual charitable gifts.

For the third hypothesis, which aimed to measure the effect of an organization's total revenue on its online accountability, we found that as revenue increased, online total accountability and financial disclosure accountability also increased, thus confirming part of the hypothesis. This finding confirms the results of previous studies. Gandia (2011) found, for instance, that an organization's online accountability increases depending on its level of revenue. This is probably because these organizations (human services and arts and culture) usually raise more funds from individual donors. To maintain the trust of their donors and the general public, they must be prompted to disclose important information on their websites (Gandia 2011; Saxton et al. 2013; Zhuang et al. 2011). These results should not be overstated, however. Although statistically significant, the effect of revenue on online accountability was minimal. Additionally, the hypothesis was not supported for performance disclosure, stakeholder input, or interactive engagement.

Regarding the fourth hypothesis, we found that as number of personnel increased, total online accountability, stakeholder input accountability, and interactive engagement accountability increased. More importantly, number of personnel had a significant effect on stakeholder input and interactive engagement. The more employees an organization has, the more ability it has to engage and interact with its stakeholders. It is worth noting, however, that we found that personnel size did not have a significant impact on performance or financial disclosure. This may be because some financial disclosure is required by law and is thus less influenced by number of personnel.

For the fifth hypothesis, we found that organizational location played an important role in organizations' online accountability. We found that nonprofits located in the city of Evansville exhibited a relatively higher level of online accountability than those located outside the city. It can then be inferred that organizations in larger cities are more likely to be accountable online than are those in smaller towns. This may be explained by the fact that in larger cities, organizations have access to resources and skilled personnel to manage information and technology tools. Additionally, professionalization might be considered an attribute of urban nonprofits as compared to rural ones. Furthermore, isomorphism could be an explanation, because a large majority of the observed organizations were in Evansville, and they may be similar in terms of size.

### *Implications for Practice*

This research on accountability provides strategies for nonprofit organizations to demonstrate transparency toward their stakeholders and the general public efficiently and effectively. With the pervasiveness of the internet, it would be beneficial for organizations to make smart use of it in a way that allows them to reach broad audiences.

This study provides insights about the positive effects of online disclosure for nonprofit organizations. The web is a strategic tool when used appropriately and can help organizations build trust and raise more funds for the execution of their missions. Disclosing information has positive effects, and more organizations should be utilizing online accountability mechanisms to strengthen their brand identities. This is especially true in the health subsector, where few organizations are engaging in online accountability.

These results were even more pronounced for the dialogue component of the theory. Although disclosure is widespread within subsectors, most forms of dialogue are absent. Very few nonprofits provide stakeholder input items and interactive engagement tools on their websites. Considerable improvements at this level would be beneficial not only to organizations but also to the public that supports them. Indeed, engaging more with stakeholders may increase transparency and confidence level, which may lead to an increase of revenue.

Additionally, engaging in online accountability helps an organization considerably reduce information asymmetries and helps stakeholders evaluate the performance of the organization and to decide whether they should support it. The goal of an organization such as Charity Navigator is to fill the gap regarding crucial information asymmetry that sometimes exists between nonprofits and donors. Charity Navigator strives to make important information about nonprofit organizations across the United States available in a way that allows donors to make informed decisions regarding organizations of interest. Consequently, when organizations engage in their own disclosure, it makes the need for watchdog organizations less pressing.

Moreover, this study found that geographic location matters when it comes to online accountability. Organizations in larger cities tend to be more engaged in online accountability than do their counterparts in smaller localities. Whether this is because of resources (finances or personnel) or professionalism, urban/rural discrepancies exist, and alleviating these discrepancies is good for the sector.

Lastly, the findings indicating that an organization's total asset size does not have a positive effect on its accountability might be explained by the fact that organizations with larger total assets do not rely so much on charitable donations. Their endowments may generate sufficient money to allow them to carry out their missions without expecting many contributions from donors, or they are driven by earned revenue. Such organizations may then not need to engage in any form of online accountability because they do not need donors' charity. This is alarming for nonprofit accountability.

### *Implications for Theory*

This study focused on the disclosure and dialogue theory of online accountability. The first component, disclosure, is relatively well used by nonprofit organizations. Performance disclosure appeared to be utilized more than financial disclosure. This means that some efforts regarding the disclosure of finances on their websites are needed from organizations.

The disclosure and dialogue theory as proposed by Saxton and Guo (2011) appeared to be more used on the first mechanism: disclosure. This means that most nonprofit organizations are more engaged in disclosing performance and financial information online than in dialogue with their stakeholders. In fact, disclosing financial and performance information on a website is not that complicated when there is a will from organizations to do so. As the data indicate, most nonprofits do well when it comes to performance disclosure. The relatively low level of financial disclosure items on organizations' websites is certainly because nonprofits use other platforms to provide this information.

The dialogue mechanism of the theory has some flaws that need to be addressed. Although dialogue is important, there are many mechanisms of accountability. Some tools, such as surveys on websites, are not consistent with how stakeholders generally use nonprofit websites. It would be better to look for other forms of dialogue to engage stakeholder input and feedback.

*Limitations and Future Research*

This research has made an interesting finding that had not before been explored: Nonprofit subsectors in arts and culture, education, health, and human services differ by degree of total accountability, depending on the type of accountability being measured. Despite these interesting findings, it seems difficult to generalize the results, because of the sample. This research focused on only 55 organizations in Southwest Indiana and thus may not be representative of nonprofit organizations in the observed subsectors across the United States. Although 132 organizations met the selection criteria, that number was narrowed down to 55 mainly because of time and resource constraints. Extrapolation should be done with caution based on the sample size.

Second, this research focused on organizations' presence on social media rather than on their level of use of social media. For example, we did not count the number of posts that organizations made on their Facebook pages or seek to learn how responsive they are when one tries to interact with them. This is important because the mere presence of an organization on social media does not mean that the organization uses those platforms to communicate with its stakeholders. Because this research had a simple binary measure, however, it helped increase reliability of the data collected. For a thorough measure of interactive engagement, scholars could observe how engaged organizations are with their stakeholders on their social media, and how often organizations post newsletters and blogs on their websites. This will help move beyond a simple present-vs.-not-present measure to a comprehensive understanding of organizations' behavior online.

This research found that nonprofit subsectors of arts and culture, education, health, and human services differed in their degree of online total accountability, depending on some specific aspects such as financial disclosure, stakeholder input, interactive engagement, and location. Location was the most impactful predictor of online accountability. Nonprofits in larger cities in the metropolitan area may be more open to online accountability as compared to their counterparts in smaller localities. Additionally, nonprofits in arts and culture and human services differed from those in health, depending on the category of accountability being investigated. Organizations in arts and culture were more accountable than those in health in terms of total accountability, performance disclosure, and interactive engagement, and the human services subsector appeared to be more accountable than the health subsector regarding financial disclosure.

Confirming previous research, this study concluded that nonprofit online accountability increases with number of employees and level of revenue. The level of online accountability and personnel size is more significant for the dialogue component of online accountability as suggested by Saxton and Guo (2011). Organizations with a higher number of employees most interact with their stakeholders online.

It was also found that the nonprofits in the sample did not use the internet to full potential to disclose and to interact with their constituencies. This confirms findings that nonprofit organizations in the United States do not make good strategic use of the internet to maximize their e-philanthropy efforts and engage their stakeholders (Saxton and Guo 2011; Waters 2007). Only 20% of the observed organizations put their annual reports on their websites, and 10% posted their IRS Forms 990. Most nonprofits do well regarding performance disclosure, since, most of the time, missions and descriptions of organizations' purposes are provided. The dialogue component of online accountability is not very well utilized by the four subsectors, as only 7.3% of the observed organizations provided surveys for their stakeholders on the web, and 21.8% provided a message forum.

## REFERENCES

Becker, A. 2018. "An Experimental Study of Voluntary Nonprofit Accountability and Effects on Public Trust, Reputation, Perceived Quality, and Donation Behavior." *Nonprofit and Voluntary Sector Quarterly* 47(3):562–82. doi:10.1177/0899764018756200.

Benzing, Cynthia, Evan Leach, and Charles McGee. 2010. "Sarbanes-Oxley and the New Form 990: Are Arts and Culture Nonprofits Ready?" *Nonprofit and Voluntary Sector Quarterly* 40(6):1132–47. doi:10.1177/0899764010378172.

Blouin, Marie, and Roderick Lee. 2013. "Is Your Financial Information Online?" *Nonprofit World* 31(2):22–23. Retrieved from nonprofitworld.org.

Bureau of Labor Statistics. 2018. "Nonprofits Account for 12.3 Million Jobs, 10.2 Percent of Private Sector Employment, in 2016." *TED: The Economics Daily*, August 31. https://www.bls.gov/opub/ted/2018/nonprofits-account-for-12-3-million-jobs-10-2-percent-of-private-sector-employment-in-2016.htm.

Association of Fundraising Professionals and Center on Philanthropy at Indiana University. 2010. *Charitable Giving by Type of Community: Comparing Donation Patterns of Rural and Urban Donors*. IUPUI ScholarWorks Repository. https://scholarworks.iupui.edu/bitstream/handle/1805/5668/2010spring_ruralurbanphilanthropy.pdf?sequence=1&isAllowed=y.

Christensen, Rachel A., and Alnoor Ebrahim. 2006. "How Does Accountability Affect Mission? The Case of a Nonprofit Serving Immigrants and Refugees." *Nonprofit Management and Leadership* 17(2):195–209. doi:10.1002/nml.143.

Chu, Vien, and Belinda Luke. 2021. "NPO Web-Based Accountability: How Can We Know if NPOs Are Doing Good Things?" *Nonprofit and Voluntary Sector Quarterly* 52(1). doi:10.1177/08997640211062856.

Dethier, Fanny, Cécile Delcourt, and Jurgen Willems. 2021. "Transparency of Nonprofit Organizations: An Integrative Framework and Research Agenda." *Journal of Philanthropy and Marketing* e1725. doi:10.1002/nvsm.1725.

Ebrahim, A. 2003. "Accountability in Practice: Mechanisms for NGOs." *World Development* 31(5):813–19. doi:10.1016/S0305-750X(03)00014-7.

Elazar, J. D. 1980. "Political Culture on the Plains." *Western Historical Quarterly* 11(3):261–83. https://www.jstor.org/stable/967563.

Frumkin, Peter, and Mark T. Kim. 2000. "Strategic Positioning and the Financing of Nonprofit Organizations: Is Efficiency Rewarded in the Contributions Marketplace?" *Public Administration Review* 61(3):266–75. doi:10.1111/0033-3352.00029.

Gandia, Juan L. 2011. "Internet Disclosure by Nonprofit Organizations: Empirical Evidence of Nongovernmental Organizations for Development in Spain." *Nonprofit and Voluntary Sector Quarterly* 40(1):57–78. doi:10.1177/0899764009343782.

Giving USA. 2019. *The Annual Report on Philanthropy for the Year 2018*. https://lclsonline.org/wp-content/uploads/2019/09/GUSA-2019-AnnualReport.pdf.

Giving USA. 2021. *Giving USA 2020: Charitable Giving Showed Solid Growth, Climbing to $449.64 Billion in 2019, One of the Highest Years for Giving on Record.* https://givingusa.org/giving-usa-2020-charitable-giving-showed-solid-growth-climbing-to-449-64-billion-in-2019-one-of-the-highest-years-for-giving-on-record/.

Granof, Michael H., Saleha B. Khumawala, Thad B. Calabrese, and Daniel L. Smith. 2018. *Government and Not-for-Profit Accounting: Concepts and Practices.* 8th ed. Hoboken, NJ: John Wiley & Sons.

Hackler, Darrene, and Gregory D. Saxton. 2007. "The Strategic Use of Information Technology by Nonprofit Organizations: Increasing Capacity and Untapped Potential." *Public Administration Review* 67(3):474–87. doi:10.1111/j.1540-6210.2007.00730.x.

Harris, E. E., and D. Neely. 2018. "Determinants and Consequences of Nonprofit Transparency." *Journal of Accounting, Auditing & Finance* 36(1):195–220. doi:10.1177/0148558x18814134.

Hoefer, R., and M. K. Twis. 2018. "Engagement Techniques by Human Services Nonprofits: A Research Note Examining Website Best Practices." *Nonprofit Management and Leadership* 29:261–71. doi:10.1002/nml.21329.

Hu, M., J. Zhu, and D. Kong. 2020. "Voluntary Financial Disclosure to Downward Stakeholders: An Empirical Examination of Chinese Nonprofits." *Public Performance & Management Review* 43(1):180–205. doi:10.1080/15309576.2019.1601573.

Independent Sector. 2020. *Health of the U.S. Nonprofit Sector: October 2020.* Retrieved June 28, 2022. https://independentsector.org/resource/health-of-the-u-s-nonprofit-sector-2020/.

Kang, Seok, and Hanna E. Norton. 2004. "Nonprofit Organizations' Use of the World Wide Web: Are They Sufficiently Fulfilling Organizational Goals?" *Public Relations Review* 30(3):279–84. doi:10.1016/j.pubrev.2004.04.002.

Keating, E. K., and P. Frumkin. 2003. "Reengineering Nonprofit Financial Accountability: Toward a More Reliable Foundation for Regulation." *Public Administration Review* 63(1):3–15. https://www.jstor.org/stable/977517.

Knutsen, Wenjue Lu, and Ralph S. Brower. 2010. "Managing Expressive and Instrumental Accountabilities in Nonprofits and Voluntary Organizations: A Qualitative Investigation." *Nonprofit and Voluntary Sector Quarterly* 39(4). doi:10.1177/0899764009359943.

Kopell, Jonathan G. S. 2005. "Pathologies of Accountability: ICANN and the Challenge of 'Multiple Accountabilities Disorder.' " *Public Administration Review* 65(1):94–108. doi:10.1111/j.1540-6210.2005.00434.x.

Lee, Roderick L., and Anol Bhattacherjee. 2011. "A Theoretical Framework for Strategic Use of the Web among Nonprofit Organizations." *SAIS 2011 Proceedings* 33. https://aisel.aisnet.org/sais2011/33.

Lee, Roderick L., and Rhoda C. Joseph. 2012. "Survival of the Fittest: Online Accountability in Complex Organizational Populations." *AIS 2012 Proceedings* 30. https://aisel.aisnet.org/sais2012/30.

Lee, Roderick L., Parag C. Pendharkar, and Marie C. Blouin. 2012. "An Exploratory Examination of the Implementation of Online Accountability: A Technological Innovation Perspective." *International Journal of Information Technology and Management* 23(2):1–11.

Mackie, P. F., and R. A. Lips. 2010. "Is There Really a Problem with Hiring Rural Social Service Staff? An Exploratory Study among Social Service Supervisors in Rural Minnesota." 91(4):433–39. doi:10.1606/1044-3894.4035.

McKeever, Brice S. 2018. "The Nonprofit Sector in Brief 2018: Public Charities, Giving, and Volunteering." *Urban Institute National Center for Charitable Statistics*. https://nccs.urban.org/publication/nonprofit-sector-brief-2018.

McNutt, John G., Chao Guo, Lauri Goldkind, and Seongho An. 2018. *Technology in Nonprofit Organizations and Voluntary Action.* doi:10.1163/9789004378124.

Neuendorf, K. A. 2017. *The Content Analysis Guidebook*. Thousand Oaks, CA: Sage.

O'Neill, M. 2009. "Public Confidence in Charitable Nonprofits." *Nonprofit and Voluntary Sector Quarterly* 38(2):237–69. doi:10.1177/0899764008326895.

Parsons, Linda M. 2007. "The Impact of Financial Information and Voluntary Disclosures on Contributions to Not-for-Profit Organizations." *Behavioral Research in Accounting* 19(1):179–96. doi:10.2308/bria.2007.19.1.179.

Romzek, B. S., and M. J. Dubnick. 1987. "Accountability in the Public Sector: Lessons from the *Challenger* Tragedy." *Public Administration Review* 47(3):227–38. https://www.jstor.org/stable/975901.

Rosen, B., A. Israeli, and S. Shortell. 2012. *Accountability and Responsibility in Healthcare: Issues in Addressing an Emerging Global Challenge.* Hackensack, NJ: World Scientific Publishing.

Salamon, Lester M., and Chelsea L. Newhouse. 2019. *The 2019 Nonprofit Employment Report.* Johns Hopkins University Center for Civil Society Studies Nonprofit Economic Data Bulletin no. 47. Retrieved from ccss.jhu.edu.

Saxton, G. D., and C. Guo. 2011. "Accountability Online: Understanding Web-Based Accountability Practices of Nonprofit Organizations." *Nonprofit and Voluntary Sector Quarterly* 40(2):270–95. doi:10.1177/0899764009341086.

Saxton, G. D., D. G. Neely, and C. Guo. 2013. "Web Disclosure and the Market for Charitable Contributions." *Journal of Accounting and Public Policy* 33(2):127–44. doi:10.1016/j.jaccpubpol.2013.12.003.

Schedler, A., L. Diamond, and M. F. Plattner. 1999. *The Self-Restraining State Power and Accountability in New Democracies*. Boulder, CO: Lynne Rienner Publishers.

Schnackenberg, Andrew K., and Edward C. Tomlinson. 2014. "Organizational Transparency: A New Perspective on Managing Trust in Organization-Stakeholder Relationships." *Journal of Management* 42(7):1784–1810. doi:10.1177/0149206314525202.

Slatten, Lise Anne D., Brandi N. Guidry Hollier, David P. Stevens, Wesley Austin, and Paula Phillips Carson. 2016. "Web-Based Accountability in the Nonprofit Sector: A Closer Look at Arts, Culture, and Humanities Organizations." *The Journal of Arts Management, Law, and Society* 46(5):213–30. doi:10.1080/10632921.2016.1211048.

Sloan, M. F. 2009. "The Effect of Nonprofit Accountability Ratings on Donor Behavior." *Nonprofit and Voluntary Sector Quarterly* 38(2):220–36. doi:10.1177/0899764008316470.

Tremblay-Boire, J., A. Prakash, and M. K. Gugerty. 2016. "Regulation by Reputation: Monitoring and Sanctioning in Nonprofit Accountability Clubs." *Public Administration Review* 76(5):712–22. doi:10.1111/puar.12539.

Turrillas, Juan-Cruz Alli. 2014. "Charities and Foundations in the USA, England, Germany, France and Spain (Differences and Similarities in the Governance, Accountability and Public Control)." *Revista General de Derecho Público Comparado* 15(9).

Valentinov, Vladislav. 2011. "Accountability and the Public Interest in the Nonprofit Sector: A Conceptual Framework." *Financial Accountability and Management* 27(1):32–42. doi:10.1111/j.1468-0408.2010.00514.x.

Waters, R. D. 2007. "Nonprofit Organizations' Use of the Internet: A Content Analysis of Communication Trends on the Internet Sites of the Philanthropy 400." *Nonprofit Management and Leadership* 18(1):59–76. doi:10.1002/nml.171.

Waters, R. D., E. Burnett, A. Lamm, and J. Lucas. 2009. "Engaging Stakeholders through Social Networking: How Nonprofit Organizations Are Using Facebook." *Public Relations Review* 35(2):102–106. doi:10.1016/j.pubrev.2009.01.006.

Watt Geer, Bobbi, Jill K. Maher, and Michele T. Cole. 2008. "Managing Nonprofit Organizations: The Importance of Transformational Leadership and Commitment to Operating Standards for Nonprofit Accountability." *Public Performance and Management Review* 32(1):51–75. https://www.jstor.org/stable/20447708.

Williams, A. P., and J. A. Taylor. 2012. "Revolving Accountability Ambiguity in Nonprofit Organizations." *International Society for Third-Sector Research* 24:559–80. doi:10.1007/s11266-012-9266-0.

Young, D. R. 2002. "The Influence of Business on Nonprofit Organizations and the Complexity of Nonprofit Accountability: Looking Inside as Well as Outside." *American Review of Public Administration* 32(1):3–19. doi:10.1177/0275074002032001001.

Zhuang, Jun, Gregory D. Saxton, and Han Wu. 2011. "Publicity vs. Impact in Nonprofit Disclosures and Donor Preferences: A Sequential Game with One Nonprofit Organization and *N* Donors." *Annals of Operations Research* 221(1):469–91. doi:10.1007/s10479-011-0967-3.

## APPENDIX A. OBSERVED ORGANIZATIONS AND ACCOUNTABILITY SCORES BY SUBSECTOR

Tot. Acct.=total accountability; FD=financial disclosure; PD=performance disclosure; SI=dtakeholder input; IE=interactive engagement.

### Arts and Culture

| Organization | Tot. Acct. | FD | PD | SI | IE |
|---|---|---|---|---|---|
| Henager Family Museum | 8 | 0 | 3 | 2 | 3 |
| Animalpalooza Benefit and Music Festival | 0 | 0 | 0 | 0 | 0 |
| New Harmony Workingmen's Institute | 6 | 0 | 2 | 2 | 2 |
| Play For Kate Inc | 8 | 0 | 3 | 2 | 3 |
| WNIN Tri State Public Media | 10 | 3 | 2 | 2 | 3 |
| Arts Council of Southwestern Indiana | 7 | 0 | 3 | 2 | 2 |
| Reitz Home Preservation Society | 4 | 0 | 1 | 2 | 1 |
| Evansville Museum of Arts and Science | 7 | 0 | 2 | 2 | 3 |
| The Potter's Wheel | 5 | 0 | 3 | 1 | 2 |
| USS LST Ship Memorial Inc | 6 | 0 | 2 | 2 | 2 |
| Southwestern Indiana Historical Society | 11 | 1 | 3 | 3 | 4 |
| Children's Center for Dance Education | 7 | 0 | 3 | 2 | 2 |

### Education

| Organization | Tot. Acct. | FD | PD | SI | IE |
|---|---|---|---|---|---|
| Children's Learning Center of Posey County | 0 | 0 | 0 | 0 | 0 |
| Castle Band Boosters | 7 | 0 | 3 | 2 | 2 |
| Public Education Foundation of Evansville | 7 | 1 | 3 | 2 | 1 |
| Willard Library Foundation | 6 | 0 | 2 | 1 | 3 |
| Willard Library of Evansville | 6 | 0 | 2 | 1 | 3 |
| Evansville Lutheran School Foundation | 8 | 1 | 2 | 2 | 3 |
| Signature School Foundation | 7 | 1 | 3 | 2 | 1 |
| Evansville Christian School | 8 | 0 | 3 | 3 | 2 |
| Marian Day School Inc Marian Educational Outreach | 8 | 0 | 3 | 3 | 2 |
| University of Evansville | 8 | 0 | 3 | 3 | 2 |
| Mt Pleasant Child Development Center | 4 | 0 | 1 | 2 | 1 |

**Health**

| Organization | Tot. Acct. | FD | PD | SI | IE |
|---|---|---|---|---|---|
| Deaconess Clinic Inc | 7 | 0 | 1 | 3 | 3 |
| Deaconess Hospital Inc | 7 | 0 | 1 | 3 | 3 |
| Good Samaritan Inc | 8 | 0 | 3 | 4 | 1 |
| Deaconess Health System Inc | 0 | 0 | 0 | 0 | 0 |
| Southwestern Healthcare | 6 | 0 | 2 | 3 | 1 |
| Echo Community Health Care Inc | 5 | 0 | 1 | 2 | 2 |
| Visiting Nurse Association of Southwestern Indiana Inc | 5 | 0 | 2 | 2 | 1 |
| Easter Seals | 12 | 2 | 3 | 3 | 4 |
| Primary Physicians Network LLC | 7 | 0 | 3 | 2 | 2 |
| Hillcrest Washington Youth Home | 7 | 1 | 2 | 2 | 2 |
| Hope of Evansville | 11 | 2 | 3 | 2 | 4 |
| Aids Resource Group of Evansville | 4 | 0 | 2 | 0 | 2 |
| Tri State Multiple Sclerosis Association Inc | 7 | 0 | 2 | 2 | 3 |
| Evansville Kidney Association Inc | 0 | 0 | 0 | 0 | 0 |

**Human Services**

| Organization | Tot. Acct. | FD | PD | SI | IE |
|---|---|---|---|---|---|
| John L Sanders Memorial Evansville Bar Foundation Inc | 5 | 0 | 2 | 2 | 1 |
| Tri State Food Bank Inc | 10 | 3 | 3 | 2 | 2 |
| Ozanam Family Shelter Corp | 11 | 3 | 3 | 2 | 3 |
| Habitat for Humanity Evansville | 11 | 3 | 3 | 2 | 3 |
| Black Township Fire and Rescue Inc | 3 | 0 | 1 | 1 | 1 |
| Perry Township Volunteer Fire Dept Inc | 5 | 0 | 1 | 2 | 2 |
| Trustees of Purdue University Spencer County 4 H Association Inc | 0 | 0 | 0 | 0 | 0 |
| Newburgh Sea Creatures | 6 | 0 | 3 | 2 | 1 |
| Ribeyre Gymnasium Restoration Group | 0 | 0 | 0 | 0 | 0 |
| Greater Evansville Swimming Inc | 7 | 0 | 3 | 2 | 2 |
| Evansville Area Tennis Patrons Foundation | 0 | 0 | 0 | 0 | 0 |
| Posey County Thrift Shop Inc | 0 | 0 | 0 | 0 | 0 |
| YMCA of Southwestern Indiana Inc | 9 | 1 | 3 | 2 | 3 |
| Hospitality and Outreach for Latin Americans Inc (HOLA) | 8 | 0 | 3 | 3 | 2 |
| Aurora Inc | 8 | 1 | 3 | 2 | 2 |
| Life Choices Maternity and Youth Home | 6 | 0 | 3 | 2 | 1 |
| Patchwork Central Inc | 10 | 2 | 3 | 2 | 3 |
| United Methodist Youth Home Inc | 8 | 0 | 3 | 2 | 3 |

## APPENDIX B. CODEBOOK FOR WEB-CONTENT ANALYSIS

| | | |
|---|---|---|
| **Financial disclosure**<br>• Annual report<br>• IRS 990<br>• Audited financial statement<br>• Administrative costs for funds | Yes | No |
| **Performance disclosure**<br>• Mission<br>• Organization purpose<br>• Reports on outcomes | | |
| **Stakeholder input**<br>• Contact us<br>• Stakeholder survey<br>• Message forum<br>• Staff/board members | | |
| **Interactive engagement**<br>• Facebook link<br>• Blog<br>• Newsletter<br>• E-donation | | |
| **Total accountability** | financial disclosure + performance disclosure + stakeholder input + interactive engagement | |

## APPENDIX C. CODEBOOK FOR INDEPENDENT VARIABLES

| Variable | Source | Definition |
|---|---|---|
| Total asset size | NCCS 2015 core file | The amount of money as reported on IRS Form 990, part X, line 16 |
| Total revenue | NCCS 2015 core file | The amount of money as reported on IRS Form 990, part I, lines 8 through 11 |
| Personnel size | NCCS 2015 core file | The total number of individuals employed as reported on IRS Form 990, part V, line 2a |
| Arts and culture | NTEE code | Organizations under category A |
| Education | NTEE code | Organizations under category B |

| | | |
|---|---|---|
| Health | NTEE code | Organizations under categories E, F, G, and H |
| Human services | NTEE code | Organizations under categories I, J, K, L, M, N, O, and P |
| Location | NCCS 2015 core file | Line entitled "City": 1= Evansville and 0 = not Evansville |