

Chapter 5

Gaining Competitive Advantage through Social Responsibility Reporting – a Lesson from the Non-Profit Sector

Tomasz Dyczkowski

Wroclaw University of Economics and Business

e-mail: tomasz.dyczkowski@ue.wroc.pl

ORCID: 0000-0002-4335-7670

Quote as: Dyczkowski, T. (2023). Gaining Competitive Advantage through Social Responsibility Reporting – a Lesson from the Non-Profit Sector. In J. Dyczkowska (Ed.), *Sustainable Performance in Business Organisations and Institutions: Measurement, Reporting and Management* (pp. 89–106). Wroclaw: Publishing House of Wroclaw University of Economics and Business.

Information technologies, particularly the Internet, redefine how non-profit organisations (NPOs) operate. Firstly, they enable reaching a broader audience with information about an organisation's mission, goals and achievements. Secondly, they help raise funds and recruit volunteers to attain social goals (Raman, 2016, p. 418). Thirdly, they enhance the visibility of NPOs' effects; also, against organisations with whom they compete for resources. Lastly, information technologies reduce the cost of operations and soliciting funds (Díaz, Blázquez, Molina, & Martín-Consuegra, 2013; Hoefler, 2012; Mitchell, 2014; Raman, 2016).

Despite all opportunities offered by the Internet to enhance interactions between NPOs and their stakeholders, it is observed that those organisations capitalise on that potential to an insufficient extent. Many organisations adopt a passive Internet strategy, where their websites play the central role, acting as notice boards. Although social networks have their advantage, since they offer two-way communication and multiply the impact through users' contact networks (Saxton, Guo, & Brown, 2007), NPO must commit to an authentic conversation to take full advantage of that communication channel. If organizations

constructively address users' comments and accept that conversations can lead to negative feedback, Facebook can be a powerful tool for articulating NPOs' objectives, projects, and results (Bellucci & Manetti, 2017, p. 898). This is particularly relevant considering the needs of the generation born in the Internet and social media era, who expect philanthropic organisations to adapt to the fast-paced, decentralised and personalised approach in bilateral relations (Crawford & Jackson, 2019, p. 565).

The chapter evaluates the usefulness of NPOs' Internet reporting (on the example of Polish public benefit organisations – PBOs), covering the entire information flow between an organisation and its stakeholders via electronic channels, including websites and social media. The focus on PBOs results from two reasons. Firstly, they intend to find supporters among a broad range of institutions and individuals, including taxpayers entitled to transfer 1% (1.5% since the fiscal year of 2022) of their tax to an organisation of their choice. With no or limited payment for services obtained from service beneficiaries, external supporters take the role of 'investors/customers' known from the corporate world. Thus, it is vital to make supporters understand how an organisation works and what effects it generates – all in a simple and user-friendly manner. Secondly, the Internet communication of PBOs is not legally regulated nor structured by 'recommended practices'. Consequently, the selection of information (non-financial, financial), a form of presentation (reports, statistics, narratives, multimedia), as well as regularity of reporting (static page, occasional updates, regular posts, online interaction) may matter in encouraging supporters to make their donation.

5.1. NGO Disclosures – Areas of Interest

As private providers of common goods, non-profit organisations are financed by institutional and individual donors and public bodies who expect NPOs' beneficiaries to receive services of desired quality in exchange. To secure stable financing for pursuing their social goals, non-profits must inform stakeholders about the cost incurred and, most of all, the effects obtained (Okten & Weisbrod, 2000, p. 257).

Decisions of individual donors to support social initiatives are often spontaneous or emotional; interestingly, the emotional component is also valid in the case of e-philanthropy (Park & Rhee, 2019, p. 15). Choosing an organisation, they want to support, individual donors must rely on information provided in annual statements (Connolly, Dhanani, & Hyndman, 2013, p. 5) or voluntarily presented on the websites or in social network profiles of particular organisations. The reason is twofold. Firstly, individual donors have little influence on the form

and content of NPOs' reporting, which must primarily comply with requirements of financial control (Connolly et al., 2013, p. 6; Thomson, 2011, p. 65); and this low external pressure, in comparison to the corporate world, makes NPO even more responsible for improving their legitimacy (Hulle van & Dewaelheyns, 2014, p. 83) (broader discussion on the role of voluntary non-financial reporting in the corporate world may be found in chapter 1). Secondly, investing scarce resources in public relations increases fundraising or administrative cost. Stakeholders may perceive this negatively, who expect NPOs to allocate their resources to social activities (Boenigk & Scherhag, 2014, p. 325). On the other hand, with no correlation observed between the popularity and engagement aspects of online communication and NPO size, establishing a strong interaction with stakeholders on social media is also possible for organizations with smaller budgets (Bellucci & Manetti, 2017, p. 898).

Reporting of non-profit organisations has two vital roles to play. One is to increase legitimacy, and the other attests to effectiveness and efficiency. NPOs should inform both internal stakeholders, including the board, employees, volunteers and members, as well as external ones, such as donors, corporate partners, regulators and the whole society, on the following three issues (Mitchell, 2014, p. 24): (1) outputs generated by an organisation with available resources, (2) general effectiveness of policies which stimulate social initiatives, such as subsidies, tax allowances and tax write-offs, and (3) existence of mechanisms which prevent the unlawful distribution of funds to individuals.

NPOs need to consider internal and external stakeholders as addressees of their reporting (the issue of stakeholder needs and their impact on reporting practices is analysed in chapter 2). The first group has a better view of an organisation and its performance, but its opinion can be biased. In contrast, a view of the external perspective on an organisation's performance validates internal opinions. It helps to determine the effectiveness of future fundraising efforts and the scope of voluntary involvement (Willems, Boenigk, & Jegers, 2014, pp. 1660, 1661). That leads to the second role of reporting – to promote effectiveness and efficiency. In this respect, the reporting should enable to compare the performance of various organisations and identify best practices or even develop a model of excellence for the sector (Breen, 2013, p. 854). Although donors see the effectiveness of NPOs as an essential criterion in selecting organisations they intend to support, studies show that NPOs do not provide clear performance measures (ideas to measure performance in NPOs using Balanced Scorecard are presented in chapter 6). In most cases, stakeholders must assess effectiveness based on general information on projects undertaken by an organisation and on the resources used only (Iwaarden van, Wiele van der, Williams, & Moxham, 2009, p. 19).

A diversity of beneficiaries' needs and forms of addressing those needs causes that applying quantitative measures – particularly financial ones – may not be an adequate approach to evaluate the performance of NPOs. Qualitative disclosures and narrative information may serve the purpose much better (Adams & Simnett, 2011, p. 298).

Narrative disclosures offer flexibility and adaptability to address the information needs of individual NPOs and their stakeholders. Non-profit organisations should aim to build multiple stakeholders' trust in their operations, which requires demonstrating both organisations' competencies to perform their tasks effectively, and integrity understood as a match between promises in its mission and actions taken (Garcia, Gonzalez, & Acebron, 2013, p. 95). The said goals may be achieved easier by combining quantitative information with narrative disclosures (Newcomer, El Baradei, & Garcia, 2013, p. 76), perfectly fitting into cross-format communication *via* the Internet.

5.2. Research Methodology

The chapter explores Internet disclosures of NPOs, applying a comprehensive assessment methodology to information provided by Polish public benefit organisations (PBOs) in the first place on their websites and social media and for a deepened analysis in their annual reports. The division into two levels of reporting (voluntary Internet disclosures) and obligatory statements results from the fact that the first information channel indicates the actual willingness and awareness of NPOs on how vital their accountability for social effects is. In contrast, the obligatory statements may be treated as merely satisfying regulators rather than addressing public demand for social responsibility information.

The study was conducted in late 2019; therefore, the results are not affected by later pandemic conditions and the social crisis resulting from the war in Ukraine. It included 80 randomly selected PBOs from roughly 9400 organisations listed by the National Freedom Institute – Centre for Civil Society Development (NFI) – the institution that supports and supervises the Polish Third Sector. The examination was supported by 80 evaluators, participants of a seminar on management control for the NPO sector conducted by the author. Each evaluator was allocated to assess and compare two PBOs. Thus, two people independently assessed each organisation, each time against a different PBO from the sample – which guaranteed less biased and more comprehensive opinions.

In the first stage, every evaluator assessed and compared PBOs using a form prepared by the author, including ten information areas: mission and goals, organisational team, activity scope, beneficiaries, effects obtained, grants and subsidies, tax write-offs, reporting, information formats and updating. Beside the

Table 5.1. The methodology of assessment of the PBOs' social responsibility disclosure

Assessment area	Requirements fulfilment				
	Not at all (0)	To a little extent (1/4)	Partially (1/2)	To a large extent (3/4)	Entirely (1)
1	2	3	4	5	6
Information and promotion					
Mission and goals	Information unavailable	Pieces of related information are dispersed on the website or the social media profile	It can be retrieved from the organisation's statute uploaded on its website	It is presented in the form of a list with short descriptions	There is a separate tab which presents the organisation's mission and goals in a detailed way
Organisational team	Information unavailable	Some contact data are dispersed on the website or in the social media profile	A list of board members is available	A list of people responsible for various functional areas is available	There is a separate tab which presents the organisational team with their professional background
Activity scope	Information unavailable	Pieces of related information are dispersed on the website or the social media profile	It can be retrieved from the organisation's statute uploaded on its website	It is presented in the form of a list of tasks with short descriptions	There is a separate tab which presents the organisation's activity scope and its offer to beneficiaries
Accountability and transparency					
Beneficiaries	Information unavailable	Pieces of related information are dispersed on the website or the social media profile	It can be retrieved from the organisation's statute uploaded on its website	It is presented in the form of a list of beneficiary groups with short descriptions	There is a separate tab which presents the organisation's beneficiaries, including groups and individuals, and the services they are offered
Effects obtained	Information unavailable	Pieces of related information are dispersed on the website or the social media profile	The website or the social media profile includes short descriptions of tasks accomplished	Effects of conducted projects and actions are presented, in particular in the case of those financed with external funding	There is a separate tab which presents effects obtained recently in quantitative and qualitative manners

Table 5.1, cont.

1	2	3	4	5	6
Subsidies and Grants Received	Information unavailable	Pieces of related information are dispersed on the website or the social media profile	A list of contracted projects is available, or the organisation informs that it did not apply for subsidies or grants	Information on projects supported with external financing, together with their goals and funding obtained, is available	There is a separate tab which includes detailed accounts of tasks accomplished, indicating their goals, effects, beneficiaries and funds spent
Tax Write-offs	Information unavailable	Pieces of related information are dispersed on the website or the social media profile	A short note on the objectives to be funded with '1% tax write-offs' is available	Information on tasks financed with '1% tax write-offs' is available	There is a separate tab which includes accounts on tax write-offs obtained and spent, including descriptions of actions and their beneficiaries
Financial and substantive reports	Information unavailable	Available reports are outdated	Obligatory statements are uploaded, or a link to those reports published in the ministerial database is provided	Obligatory statements are supplemented with some additional short pieces of information	There is a separate tab which includes voluntarily extended substantive and financial statements on all activities of the organisation
Quality and reliability					
Documentation of activities	Information provided in the form of text posts	Posts and pictures are dispersed on the website or on the social media profile	Posts on activities accomplished are supplemented with some quantitative data and pictures	Posts on activities accomplished are supplemented with photo galleries, videos and quantitative data	Particular activities are described in well-integrated reports, including quantitative and qualitative data, as well as multimedia materials
Updated information	The website or social media profile appears to be inactive	The most recent updates were made several months back	The most recent news is not very up-to-date, and there are few updates over a year	The content is up-to-date, but the communication comes in one direction only	The content is up-to-date, and the organisation interacts well with its stakeholders, in particular in the social media

Source: own presentation.

narrative description, the evaluation applied a 5-grade scale, which distinguished between two opposing situations: when a PBO disclosed no information in a particular area (0), or when it provided exhaustive information on its performance (1), with three intermediate levels (1/4, 1/2, 3/4), when little, some or substantial effort was undertaken to address information needs of a broad audience. The reporting areas included in the examination form and the precise indication of what score each organisation should be attributed to, based on their disclosures included on websites or social media profiles, are presented in Table 5.1.

In the second phase, the evaluators were to analyse publicly available annual financial and activity statements uploaded by PBOs into NFI's database, extract essential financial (revenue and cost structure, key asset items, funds and liabilities) and non-financial information (number of beneficiaries, members, employees and volunteers) from the statements and transfer them to the Excel form provided by the author, which also calculated several metrics. Ultimately each evaluator was to indicate their preference to provide one of the two organisations with an individual tax write-off (one organisation had to be selected).

The presented methodology aimed at providing answers to the following four research questions: (1) were there any general strong and weak areas in PBO reporting, (2) what differentiated 'good' and 'bad' NPO social responsibility reporting, (2) what financial impact 'good' and 'bad' reporting may have on an organisation, and (4) whether certain inherent features to a particular organisation such as their wealth (measured by revenue level), activity domain (charity versus service-oriented), reach (local vs nationwide) or communication platform (website vs social media) with stakeholders, beside obligatory statements could have stimulated stakeholders' opinions and their potential financial involvement.

Considering that narrative information may serve social reporting purposes much better, the author also examined 160 evaluators' narrative opinions about the reporting practices to determine their major areas of interest and disqualifying factors in the evaluation. The text was processed using text mining software.

5.3. Assessment of the Internet Disclosures in the Research Sample

To tackle the first research question, namely, to identify general strong and weak areas in PBO reporting, the methodology presented in Table 5.1 was applied to assess three social responsibility disclosure characteristics.

The first section of Table 5.1, covering disclosures on mission and goals, organisation team and an activity scope, includes the essential information distinguishing an organisation from any other. At the same time, it constitutes

a vision which existing or potential supporters of an organisation may want to share.

The second section comprises five disclosure areas that help make PBO operations transparent to the general public and prove its accountability to stakeholder groups. The lack of defining beneficiaries of a PBO and the effects that an organisation achieves casts a shadow on a public benefit status of an NPO. Alike, no accounts on how an organisation spends grants or subsidies or what it does with the 1% transferred by taxpayers do not build trust in a PBO. No activity or financial reports available on a website – even if they are uploaded in the DPB’s database – may indicate that an organisation either has too few resources to obtain its goals or – interestingly – that due to considerable levels of revenue and cost, it seems ‘too rich for a charity’. Finally, Internet users, accustomed to live news and communication relying more on pictures than words, may see the static website of an NPO as unprofessional, indicating little potential of an organisation.

Figure 5.1 presents an overall assessment of disclosure levels in 80 PBOs using the scoring system introduced in Table 5.1. The evaluation indicated the average score awarded by two independent evaluators.

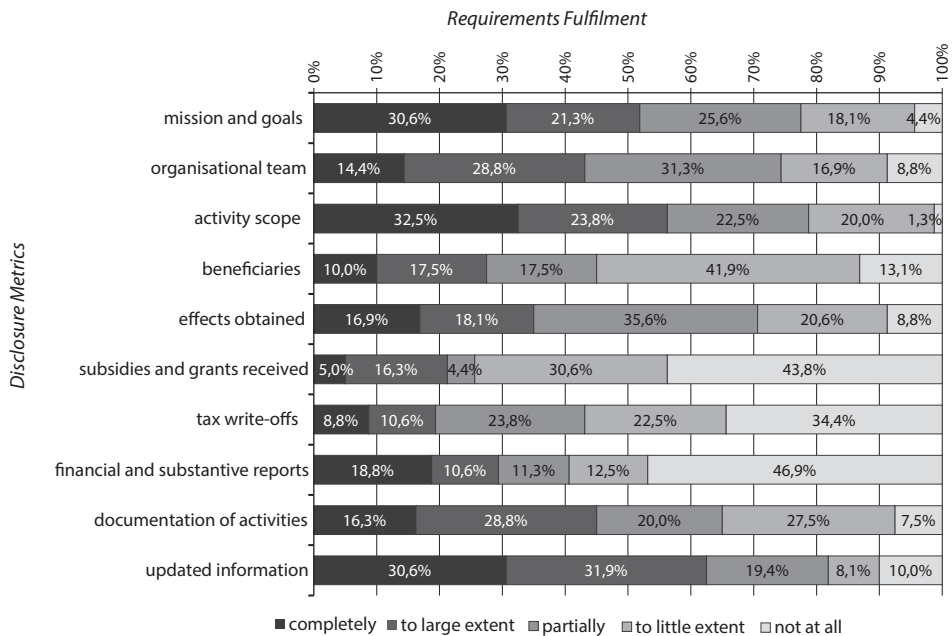


Figure 5.1. Comprehensiveness of information in all examined disclosure areas

Source: own presentation.

The disclosure policy overview regarding every ten assessment criteria leads to the following conclusions.

1. There are three evaluation criteria where more than half of the examined sample was considered as meeting requirements entirely or to a large extent. Those include mission and goals (83 of 160 votes), activity scope (90 votes), and keeping the information up-to-date (100 votes). On the one hand, it is not a positive signal that only those three areas may be considered strong points. Still, on the other one, such a combination of disclosures forms a logical sequence of defining the ultimate goal of an organisation's existence, ways of achieving it, and regularly updating stakeholders on what PBOs are doing. The missing chain is, however, the precise definition of the effects obtained.

2. The negative observation is that PBOs appear not to be financially accountable to their stakeholders since, in the majority, they fail or provide little insights into whom they help (little or no information on beneficiaries was reported in 88 out of 160 reports), tax write-offs (91 negative evaluations), financial and substantive reports (95 cases), as well as subsidies and grants received (119 cases). To some extent, it is understandable that many PBOs neither upload nor link nor even mention their annual reports on their websites since those are openly accessible in a database run by the NFI. One may doubt, however, whether stakeholders or the general public are aware of those statements (or even the existence of the NFI's database) and whether a lack of financial information on a website is perceived as an impairment to PBOs' financial transparency and honesty. Similarly, little information on how grants and subsidies are spent and what effects are generated that way may be attributed to the fact that some organisations do not use that source of funding (though it is a crucial funding source of the sector) or that the accountability is discharged by submitting reports directly to institutions or organisations which provided grants or subsidies. It is hardly understandable, though, why so little is disclosed on what PBOs achieved with taxpayers' write-offs, which they solicit so intensively, and who is being helped.

3. In the case of the other three areas: organisational team, effects obtained and documentation of activities, the evaluators' opinions were mixed, although positive or neutral rather than negative. Many PBOs seem to pay more attention to explaining why they exist and how they want to attain their goals rather than to the actual effects. One may be concerned that insufficient communication on effects may imply that those effects are not at par with ambitions, and, therefore, even the organisation team does not want to 'take credit for' it.

4. The overall disclosure score for all 80 PBOs, based on the opinions of 80 evaluators in the 10 assessment criteria discussed above, was exactly 50.0% (0.500 on the scale from 0 to 1), meaning that the sector partially meets the disclosure requirement. It should be pointed out that there was no statistically valid

difference between the opinions of two evaluators on individual PBOs, which means that putting them in pairs with other organisations did not create any bias and that the evaluators applied the evaluation criteria correctly.

5.4. Influence of Social Responsibility Disclosures on Stakeholders

As mentioned in the description of the research design, after the first stage consisting of the evaluation of Internet disclosures, the evaluators were getting familiar with obligatory financial and activity statements of PBOs to formulate the final opinion on which of the two organisations to which they were randomly assigned made a better impression, and which they would decide to support with their tax write-off. This way, three groups of PBOs were formed. The first consisted of double 'winners' (x2 win) – 23 organisations selected to be supported by two independent evaluators in each case against a different NPO. The second group were the double 'losers' (x2 loss) – also, 23 organisations not selected as benefactors of the tax write-off. The last group consisted of 34 organisations which 'won' against one PBO and lost against another (win & loss).

The existence of the three groups mentioned above enabled addressing research questions 2–4, namely what differentiated 'good' and 'bad' social responsibility reporting, what financial impact may it have on an organisation, and whether – beside or beyond the quality of reporting – organisational profile may affect stakeholders' financial involvement.

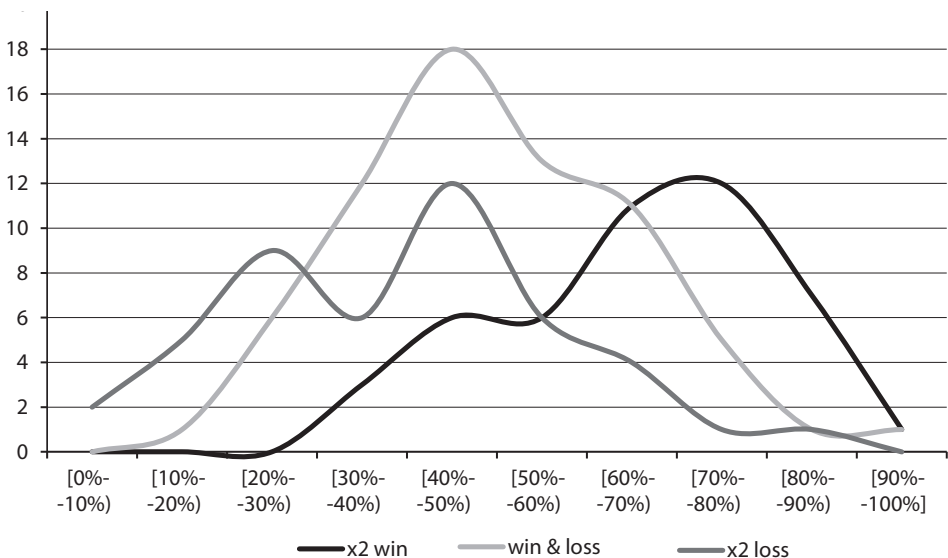


Figure 5.2. Overall assessment of disclosure levels in the three groups of PBOs

Source: own presentation.

First of all, Figure 5.2, presenting the overall assessment of disclosure levels in the three groups of PBOs, clearly shows a difference in reporting quality of organisations which attracts stakeholders' support or not. The distributions of total evaluation scores differ significantly, with an average level of 64.6% of possible points (0.646 out of 1) for the ×2 win group, 48.3% (0.483 out of 1) for the 'win & loss' group and 37.7% (0.377 out of 1) for the ×2 lose group. The first result is a positive opinion, the second a neutral one and the third represent a negative evaluation – which shows that evaluators' decisions were consistent with the quality of social responsibility reporting.

Moreover, as indicated in Figure 5.3, the differences were observed in all evaluation areas. However, what distinguishes 'good' reporting standards are comprehensive financial rather than non-financial disclosures, with complete and up-to-date documentation. This may suggest that in the case of PBOs – generally perceived as socially-oriented – the other financial aspect makes a difference.

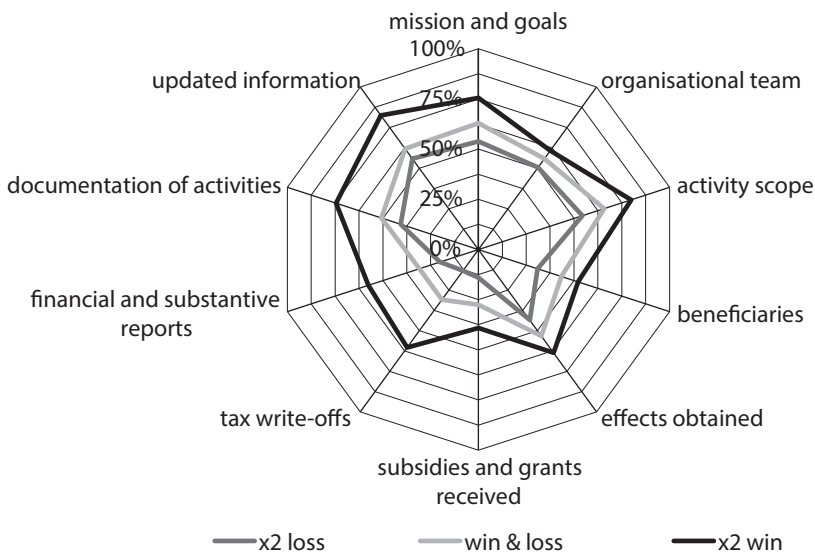


Figure 5.3. Mean values of disclosure metrics in the three PBO groups

Source: own presentation.

To confirm the validity of observations, the author applied the Mann-Whitney *U* test to verify whether the observed differences between the groups were statistically valid. A non-parametric test was selected since the scoring method was based on an ordinal scale. The results of the analysis are presented in Table 5.2.

Based on the results presented in Table 5.2, one can see how disclosure strategies evolve, from the ineffective to the mixed ones and from that level to the winning ones. The marked figures indicate statistically significant differences between any of the group pairs. The following remarks may be formulated.

The evolution from an 'ineffective' policy to a mixed group entails improving the comprehensiveness of disclosures on beneficiaries, grants and subsidies received and tax-write-offs, three of four areas with the lowest average score for disclosure quality in the entire sample. This suggests that if stakeholders do not understand what organisations do with taxpayers' money and who benefits, they do not want to engage with such an organisation. Interestingly, the fourth area of the low disclosure quality, financial and substantive reports, was not a differentiating factor since the evaluators were already familiar with those reports.

Table 5.2. The factors differentiating disclosure strategies in PBOs

Assessment area	xx2 loss vs win & loss		win & loss vs x2 win		x2 loss vs x2 win	
	Z _{adj}	p	Z _{adj}	p	Z _{adj}	p
Mission and goals	-1.425	0.154	-1.774	*0.076	-2.849	***0.004
Organisational team	-0.659	0.510	-0.661	0.509	-1.168	0.243
Activity scope	-1.744	*0.081	-2.251	**0.024	-3.367	***0.001
Beneficiaries	-2.224	**0.026	-1.338	0.181	-3.009	***0.003
Effects obtained	-1.254	0.210	-1.591	0.112	-2.455	**0.014
Grants and subsidies received	-2.840	***0.005	-2.022	**0.043	-3.485	***0.000
Tax write-offs	-2.917	***0.004	-3.970	***0.000	-5.195	***0.000
Financial and substantive reporting	-1.451	0.147	-2.503	**0.012	-3.196	***0.001
Documentation of activities	-1.716	*0.086	-3.996	***0.000	-3.881	***0.000
Updated information	-0.542	0.588	-2.679	***0.007	-2.769	***0.006

*** 1% significance level; ** 5% significance level; * 10% significance level.

Source: own presentation.

The evolution from a second to a 'winning' strategy implies a substantial improvement in the quality of reporting on activity scope, all three financially-related factors (grants and subsidies received, tax write-offs, as well as financial and substantive reporting) and overall quality and reliability factors such as documentation of activities and updated information. One may conclude that social organisations that effectively engage stakeholders inform exhaustively and timely about what they do and how they spend money. Interestingly, (social) effects achieved made no valid difference here.

Table 5.3. Control factors

Assessment area	×2 loss vs win & loss		win & loss vs ×2 win		×2 loss vs ×2 win	
	Z _{adj}	p	Z _{adj}	p	Z _{adj}	p
Total Revenue (log)	-1.927	*0.054	-1.553	0.120	-2.636	***0.008
Charity (vs Service)	-2.472	**0.013	-1.116	0.264	-3.245	***0.001
Local (vs Nationwide)	0.902	0.367	0.689	0.491	1.451	0.147
Website (vs Website and Facebook)	-0.512	0.609	-1.237	0.216	-1.605	0.108

*** 1% significance level; ** 5% significance level; * 10% significance level.

Source: own presentation.

Finally, it should be emphasised that a difference between ineffective PBO reporting and effective one lies in all aspects of their communication with stakeholders, except for information on who is involved in activities. All that evidence shows that social reporting impacts stakeholders and their financial decisions.

Finally, the author decided to test whether other factors than reporting quality, such as wealth (measured by a common logarithm of their revenue level), activity domain (charity vs service-oriented activity domains), reach (local vs nationwide), or communication platform (website vs social media, namely Facebook) made a difference. The results of the Mann-Whitney *U* test, presented in Table 5.3, show that financial success triggers involvement as more affluent organisations declared support more often, presumably, because they could allocate some funds to build effective stakeholder relations. Moreover, charities tend to be more often selected than service-providing PBOs since the latter offer their services against a moderate charge, whereas the first fund their activities with the help of external supporters. Finally, neither geographical reach nor the communication platform appeared relevant.

5.5. Evaluation of Website Content by External Stakeholders

The final section of the chapter expands on prior findings on social reporting by PBOs with an examination of opinions – in a narrative format – expressed by 80 evaluators on what positive and negative aspects of PBO reporting they noted. For that purpose, the author used a content analysis method with an application of text mining software.

The examined narrative material included 160 opinions – one to every PBO in each of 80 pairs considered in the previous part of the chapter – totalling nearly

600,000 characters with spaces. The text was processed using the KH Coder system. It should be explained that the application of the said system required machine-aided translation (in DeepL software) of the Polish text to English to enable its automatic analysis.

The following conclusions can be drawn based on the analysis of centrality – that is, how central position each word played in the opinions of evaluators on organisations which were double ‘winners’ or double ‘losers’.

1. For effective reporting, the central issue was that website was well-integrated with Facebook and included separate tabs presenting detailed descriptions of organisational activities. In contrast, for the ineffective communication, it was stated that the website or Facebook lacked a description of activities and photos documenting those.

2. Other vital points (however, less central) in the opinions of evaluators on organisations which they selected (×2 win) covered the following issues:

- current events: social media profile related well to the website, which included descriptions of activities and organisational news;
- reports: annual financial and substantive statements well-integrated with descriptions of activities;
- statute: presenting mission, goals and objectives, typically in associations.

3. In contrast to that for the group of inefficiently communicating ones (×2 lose), the following issues were close to central:

- social media profile: with strengths and weaknesses of this form of communication unrelated to the website and description of events;
- reports: annual financial statement, with missing substantive reports explaining activities conducted;
- statute: presenting mission and goals only.

4. Finally, the peripheral topics brought up by evaluators of the ×2 win group included:

- people: board members and list of contact persons, remaining in link with the organisational image;
- projects: with their implementation and effects as well as funding (including transfers of tax write-offs) related to descriptions of organisational activities;
- beneficiaries: specific groups of people in particular targeted by certain organisational units.

5. On the other hand, the evaluators, in the case of the ×2 lose group, mentioned, at the outskirts of their discourse, the following issues:

- people: board members and contact persons, as the only mentioned members of organisations;
- current events: informing on activities conducted by uploading photos from organised actions and events;

- funding: contact information and bank account numbers to transfer tax write-offs being the sole signs of stakeholders' engagement.

The observation mentioned above may be indicators of what stakeholders pay attention to while analysing the social reporting of PBOs. Moreover, even the frequency list of words used by evaluators in formulating their opinions on 'winners' and 'losers' differed slightly. In the winner group, the following words were statistically more frequent: foundation (noun), project (noun), individual (adj), news (noun), publish (verb), substantive (adj), and link (noun). The detailed analysis proved that foundations were selected more often, and those organisations which reported on projects published regular organisational news and their activity (substantive) reports were easily accessible. On the other hand, in the $\times 2$ lose group, the more frequent use of words, such as lack (noun), media (noun), action (noun), scope (noun), and member (noun), indicated that in particular, the lack of coverage on activity scope and charitable actions were discrediting the organisations' reliability.

5.6. Conclusions

The observations obtained in the presented research fit in many respects well with conclusions made by other authors. Firstly, it should be pointed out that Polish PBOs prioritise non-financial disclosures on their websites. With the application of the author's evaluation methodology of PBOs' websites, it turned out that more than every second organisation in the sample provided exhaustive information on its mission and goals and activity scope, trying to provide regular updates on what they do. The observation aligns with other studies, which showed that 'general information' and 'activities' belonged to the most frequently covered features included by most NPOs' websites (Díaz et al., 2013, p. 382). This may, in part, be explained by the fact that such disclosures are likely to meet the information expectations of diverse stakeholder groups (Connoly & Dhanani, 2013, p. 121).

On the other hand, financial disclosures were a weak point of the examined PBOs that underinformed on how they spent public money from subsidies and grants. Neither did they explain who were the beneficiaries of their activities. Unfortunately, it is not an isolated observation that NPOs fail to report on projects they are involved in (Díaz et al., 2013, p. 382). Such behaviour acts to the detriment of an organisation's finance since if stakeholders understand what an NPO spends its funds on and why that is important, the level of support is expected to increase (Sargeant, West, & Jay, 2007, p. 143).

Moreover, it is hardly explicable why the lowest share of PBOs (only 31 of 80) exhaustively informed what they achieved with write-offs transferred by indi-

vidual taxpayers, in particular when a logo related to their eligibility to benefit from those write-offs is to be found in virtually any materials of PBOs, and most of the websites included a separate tab where information on how to donate one's tax. Even if taxpayers are not seen as primary donors, low financial transparency on that issue negatively affects the perception of a public benefit status of an organisation. The less successful organisations rely on a transactional approach where a donation supports current undertakings but does not find its continuation in long-term relations between an NPO and the benefactors (Waters, 2007, p. 72).

The presented research is not free of limitations. The evaluation methodology relied on the evaluation of disclosure quality based on voluntary communication via the Internet, supported with obligatory financial and activity statements, by evaluators well-informed on reporting standards of PBOs, who applied specific assessment criteria included in the evaluation form developed by the author. The first limitation of this approach is that individual donors and institutional decision-makers do not have access to the comprehensive evaluation methodology and may rely on their methods or even beliefs. Secondly, most stakeholders are not even aware of the database of PBOs obligatory statements, and few would be able to read them correctly, as in particular substantive report differs from any format known for the commercial sectors. Thirdly, the decisions on supporting organisations with individual tax write-offs were only declaratory and limited to the choice between the two organisations they compared. Nonetheless, the limitation could be easily converted into strengths when the methodology adopted in this research is used more broadly by accounting professionals, including those who attended the specialised seminar on management control in NPOs held by the author and participated in the experiment.

Moreover, how NPOs deal with their accountability for social effects may be an essential lesson to commercial and public institutions in their social responsibility reporting. Firstly, the reversed priorities, natural to the NPO sector, namely putting social effects over financial ones, may help other organisations recognise how to present the effects of their socially-oriented initiatives. Secondly, the mistakes in social reporting made by NPOs, noted by their stakeholders and the general public, leading to their lower financial involvement, may be avoided in CSR reporting of commercial and public organisations. Thirdly, awareness of what actions the NPO sector considers worth engaging in and promoting may trigger choices of initiatives commercial and public organisations want to develop independently or in collaboration with NPOs. All that may increase the quality of the CSR reporting and, above all, the actual benefits of those activities to their stakeholders and the general public.

References

- Adams, S. & Simnett, R. (2011). Integrated reporting: an opportunity for Australia's not-for-profit sector. *Australian Accounting Review*, 21(3), 292–301. DOI:10.1111/j.1835-2561.2011.00143.x
- Bellucci, M. & Manetti, G. (2017). Facebook as a tool for supporting dialogic accounting? Evidence from large philanthropic foundations in the United States. *Accounting, Auditing & Accountability Journal*, 30(4), 874–905. DOI: 10.1108/AAAJ-07-2015-2122
- Boenigk, S. & Scherhag, C. (2014). Effects of donor priority strategy on relationship fundraising outcomes. *Non-profit Management & Leadership*, 24(3), 307–336. DOI:10.1002/nml.21092
- Breen, O. B. (2013). The disclosure panacea: A comparative perspective on charity financial reporting. *Voluntas: International Journal of Voluntary & Non-profit Organizations*, 24(3), 852–880, DOI:10.1007/s11266-013-9377-2
- Connoly, C. & Dhanani, A. (2013). Exploring the discharge of e-countability by charities. *Journal of Applied Accounting Research*, 14(2), 108–126. DOI:10.1108/09675421311291874
- Connolly, C., Dhanani, A., & Hyndman, N. (2013). *The accountability mechanisms and needs of external charity stakeholders*. London: Association of Chartered Certified Accountants.
- Crawford, E. C. & Jackson, J. (2019). Philanthropy in the millennial age. Trends toward polycentric personalized philanthropy. *The Independent Review*, 23(4), 551–568. DOI:10.2139/ssrn.3285356
- Díaz, E., Blázquez, J. J., Molina, A., & Martín-Consuegra, D. (2013). Are the non-governmental organisations' websites effective? *Qualitative Market Research: An International Journal*, 16(4), 370–392 DOI:10.1108/QMR-06-2013-0038
- Garcia, M., Gonzalez, L. I., & Acebron, L. (2013). The untapped potential of marketing for evaluating the effectiveness of non-profit organisations: A framework proposal. *International Review on Public and Non-profit Marketing*, 10(2), 87–102. DOI:10.1007/s12208-012-0085-1
- Hoefer, R. (2012). From web site visitor to online contributor: Three Internet fundraising techniques for non-profits. *Social Work*, 57(4), 361–365. DOI:10.1093/SW/SWS002
- Hulle van, C. & Dewaelheyns, N. (2014). Why do private non-profit organizations provide information on the Internet? *Social Enterprise Journal*, 10(1), 69–86. DOI:10.1108/SEJ-12-2012-0047
- Iwaarden van, J., Wiele T., van der, Williams, R., & Moxham, C. (2009). Charities: How important is performance to donors? *International Journal of Quality & Reliability Management*, 26(1), 5–22. DOI:10.1108/02656710910924143
- Mitchell, G. E. (2014). Creating a philanthropic marketplace through accounting, disclosure, and intermediation. *Public Performance & Management Review*, 38(1), 23–47. DOI:10.2753/PMR1530-9576380102
- Newcomer, K., El Baradei, L., & Garcia, S. (2013). Expectations and capacity of performance measurement in NGOs in the development context. *Public Administration and Development*, 33(1), 62–79. DOI:10.1002/pad.1633
- Okten, C. & Weisbrod, B. A. (2000). Determinants of donations in private non-profit markets. *Journal of Public Economics*, 75, 255–272. DOI:10.1016/S0047-2727(99)00066-3
- Park, E. U. & Rhee, J. H. (2019). Who clicks on online donation? Understanding the characteristics of SNS users during participation in online campaigns. *Sustainability*, 11(13), 3674. DOI:10.3390/su11133674
- Raman, A. (2016). How do social media, mobility, analytics and cloud computing impact nonprofit organizations? A pluralistic study of information and communication technologies in Indian context. *Information Technology for Development*, 22(3), 400–421. DOI:10.1080/02681102.2014.992002
- Sargeant, A., West, D. C., & Jay, E. (2007). The relational determinants of non-profit Web site fundraising effectiveness: An exploratory study. *Non-profit Management & Leadership*, 18(2), 141–156. DOI:10.1002/nml.178

- Saxton, G. D., Guo, C., & Brown, W. A. (2007). New dimensions of non-profit responsiveness. *Public Performance & Management Review*, 31(2), 144–173. DOI:10.2753/PMR1530-9576310201
- Thomson, D. E. (2011). The role of funders in driving non-profit performance measurement and use in strategic management. *Public Performance & Management Review*, 35(1), 54–78. DOI:10.2753/PMR1530-9576350103
- Waters, R. D. (2007). Non-profit organisations' use of the Internet: A content analysis of communication trends on the Internet sites of the philanthropy 400. *Non-profit Management & Leadership*, 18(1), 59–76. DOI:10.1002/nml.171
- Willems, J., Boenigk, S., & Jegers, M. (2014). Seven trade-offs in measuring non-profit performance and effectiveness. *Voluntas: International Journal of Voluntary and Non-profit Organizations*, 25(6), 1648–1670. DOI:10.1007/s11266-014-9446-1