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## STRATEGIES TOWARD INTERNET DISCLOSURES IN PUBLIC BENEFIT ORGANISATIONS

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## STRATEGIE UJAWNIENÍ INTERNETOWYCH ORGANIZACJI POŻYTKU PUBLICZNEGO

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DOI: 10.15611/pn.2017.474.12

JEL Classification: L39, M49

**Summary:** The paper explores Internet disclosures of Polish public benefit organisations (PBOs) applying a comprehensive methodology of assessment of information provided by PBOs on their website and in social media. The study was conducted between October 2015 and February 2017 and included a sample of 250 randomly selected PBOs. Beside determining a share of Polish PBOs which are sustainably active on the web, a combined analytical approach using a scoring system and a cluster analysis enabled to define three strategies related to Internet disclosures, including: ‘a contact page’, ‘a promotion website’ and ‘a stakeholder relationship portal’. Differences between the said approaches, together with factors influencing disclosure intensity and quality, including an Internet platform, financial status of an organisation and their activity domains, were identified, as well.

**Keywords:** disclosure, Internet, public benefit organisation (PBO), website.

**Streszczenie:** W artykule zbadano problem ujawnień internetowych polskich organizacji pożytku publicznego (OPP) z wykorzystaniem kompleksowej metodyki oceny informacji prezentowanych przez OPP na ich stronach www i w mediach społecznościowych. Badanie przeprowadzono od października 2015 do lutego 2017 r. na próbie losowej 250 organizacji. Po ustaleniu, jaka część polskich OPP jest trwale aktywna w Internecie, wykorzystano system ocen punktowych w połączeniu z analizą skupień i zdefiniowano trzy strategie ujawnień internetowych, w tym: „punkt kontaktowy”, „stronę promocyjną” oraz „portal relacji z interesariuszami”. Ustalono również różnice między wskazanymi podejściami i wpływ na ujawnienia internetowe OPP takich czynników, jak: platforma internetowa, zasobność organizacji i obszar ich działalności społecznej.

**Słowa kluczowe:** ujawnienia, Internet, organizacja pożytku publicznego (OPP), strona internetowa.

## 1. Introduction

There is no controversy among researchers that the Internet redefines ways how non-profit organisations (NPOs) operate. Firstly, it offers an opportunity to inform a broader audience about an organisation's mission, goals and achievements. Secondly, it helps to promote particular campaigns and raise funds to attain goals. Thirdly, it enables NPOs to make their achievements more visible, also in comparison to other organisations with whom they compete for resources [Díaz et al. 2013, p. 372]. Consequently, it can be stated that the Internet makes the non-profit sector more democratic, where voices of larger and smaller entities may be equally heard [Saxton et al. 2014, p. 130]. Moreover, the Internet reduces distances and removes boundaries, which helps NPOs to extend their area of operations and influences, as well as to build broader networks [Díaz et al. 2013, p. 372]. In this sense, the Internet increases effectiveness and efficiency of operations, since location-based disadvantages are removed [Ozcelik 2008, p. 149].

The said performance drivers are crucial, given the fact that in ageing societies a growing demand for human services is not accompanied with increasing funding. The Internet offers the access to new contribution streams [Hoefer 2012, p. 364]. In fact, this contact channel with existing and would-be supporters replaces or upgrades traditional fundraising methods – like public collections, mailing or charitable events – to on-site donations or e-fundraising campaigns. [Hart 2002, p. 353, 356]. Moreover, it reduces also cost of soliciting funds – with less staff members involved in fundraising, and lowers opportunity cost of giving, since a donation may be done without any effort from one's living room. The phenomenon of ePhilanthropy helps NPOs streamline their cost and moves scarce resources to social activities.

Notwithstanding opportunities of the Internet in enhancing interactions between NPOs and their stakeholders, it is observed that the non-profit sector is slow to capitalize that potential. Far too many organisation adopt a passive Internet strategy, where their websites work as notice boards with a variety of offers and requests posted on. A concept of an organisation's website and a quality of information it presents belong to key features of an NPO's e-business strategy [Díaz et al. 2013, p. 371].

In this context the objective of the paper is to explore Internet disclosures of Polish public benefit organisations (PBOs). The paper intends to answer four questions: (1) on PBOs' participation in the web community, (2) on categories and quality of information presented on their websites, (3) on general strategies adopted in terms of on-line promotion and accountability, (4) as well as on factors influencing intensity of disclosures, including: a platform used, financial standing and domain of social activity. The paper presents results of a cluster analysis based on a sample of 250 randomly selected NGOs. The research was conducted between October 2015 and February 2017.

## 2. From accountability to stakeholder relations

Research on Internet disclosures of NPOs focuses on four problems: discharging accountability via websites, evaluating websites' contents, e-fundraising strategies and interactions with users through websites and social media. All the aforementioned issues create a general context to which the study on disclosure strategies in Polish PBOs is anchored.

The initial step in managing Internet disclosures is to understand what accountability of NPOs means. The literature defines accountability as "a fiscal honesty and avoidance of fraud, good governance, adherence to mission, and demonstration of the charity's effectiveness" [Keating, Frumkin 2003, p. 4, 5]. In this sense, Internet disclosures, which make information on NPO's performance accessible much quicker, available to a broader audience, comparable over a longer period of time, and generated at lower cost, contribute significantly to organisation's accountability.

It should be remembered that an NPO has various stakeholders, to whom it is accountable. Donors expect NPOs being accountable for using donations effectively and efficiently, in other words, to achieve goals presented in a fundraising call to the extent adequate to funds raised. NPOs are also accountable to their beneficiaries for providing services of expected quality. Finally, there are also taxpayers, who expect organisations being accountable for spending public money with due care [Keating, Frumkin 2003, p. 7]. In this context websites are seen as a vehicle to increase accountability level, and lack thereof acts to the detriment of NPO's credibility. Interestingly, a Charity Navigator – an American watchdog organisation that evaluates NPOs and supports donors in making sensible choices – includes websites as an important factor in its scoring system of organisations' stability and value added to the society. For example, an NPO which does not make its financial accounts available to the public receives negative points [Stone, Wilbanks 2012].

The fact that an organisation presents reports on its website or discloses other relevant details about its social activities is only a starting point in the analysis of information quality. The second step is to evaluate comprehensiveness of disclosures, their reliability and timeliness. Therefore, it is critical to investigate what categories of information are presented, how detailed disclosures are, and whether quantitative and qualitative characteristics of inputs and outputs are provided. The ultimate level of evaluation encompasses forms of presentation, including usage of multimedia contents, and a scope of interaction with stakeholders, covering two-sided communication and feedback mechanisms [Díaz et al. 2013, p. 372]. Though it is important to understand that exhaustive accounts on social activities, comprehensive financial reporting and attractive formats do not trigger donors' support decisions automatically. They contribute to a better understanding of an NPO's purposes and help to bring trust in an organisations, which are decisive in decisions whether to support a particular organisation or to look further [Shier, Handy 2012, p. 227].

The latter statement opens the discussion on the role of the Internet in building relations with stakeholders. Research on support mechanism in the non-profit sector suggests that factors stimulating donations include: efficiency, stability, information and reputation [Trussel, Parsons 2008, p. 282]. Websites of NPO's play an important role here, since they carry evidence – in a form of reports, success stories, media coverage, references and individual opinion – that an organisation is using its resources purposefully and achieves its social goals over a longer period. In addition, regular posts in social media on current activities observed by numerous followers contribute to an overall reputation of an NPO. It is suggested that if Internet disclosures include signals useful to donors, donors increase their support. Moreover, dissemination potential of the Internet helps to increase a reach of messages sent by an organisation [Saxton et al. 2014, p. 128]. The ultimate goal in managing relations with stakeholders would be to move from a transactional approach – asking for support to achieve a defined social goal – to a long-term relationship with stakeholders – who support an organisation because they share its values [Sargeant et al. 2007, p. 142]. This goal requires a two-sided communication with donors, where an Internet platform used does matter.

An organisation's website which carries basic information on an NPO, including its contact data, mission, activity domains, board members and achievements – even if it is not much different in contents than a paper brochure – has this advantage that it reaches users without restrictions of place and time. Only the language may be a limiting factor. When an NPO manages a website well, by presenting its history, team members, governance documents, past and current projects, beneficiaries, activity and financial reports, it potentially fulfils accountability requests of all kinds of stakeholder groups, and thus builds trust in its operations [Saxton et al. 2007, p. 147]. On the other hand, a website in principle stimulates a one way communication which is insufficient to consolidate relations with stakeholders.

In this place a social network has its advantage. For example, a Facebook profile acts not only as a pin board, where new messages are posted on a regular basis. It offers a two-way communication, since other Facebook users may comment on posts, share their feedback on NPO's activities they participated in or promote events among their contact groups [Saxton et al. 2007, p. 147]. Positive opinions of users attest messages sent by an organisation and have a similar effect to worth-of-mouth marketing. The limitation, though, is twofold. Firstly, an organisation has to communicate within confines of third-part formats, and secondly, it does not have control on users, who could react adversely to expectations. Having that in mind NPOs may integrate the two communication channels with social media profiles being directly linked to a website.

With the theoretical background in mind the following chapter will examine Internet disclosure strategies of Polish PBOs (arguably the elite among NPOs) respecting their contribution to informing on an organisation's existence, promoting its values, as well as demonstrating accountability and building trust.

### 3. Internet disclosures of Polish public benefit organisations

#### 3.1. Research methodology

As declared in the introduction, this paper aims at examining whether Polish public benefit organisation use the Internet as a vehicle of informing about and promoting their activities to the general public, as well as of discharging accountability to their stakeholders. In pursuit of the said objective the following four research questions need to be answered:

- RQ1: What a share of Polish PBOs are present on the Internet?
- RQ2: How do they present themselves and their activities on websites or in social media?
- RQ3: Are there any general approaches to Internet disclosures adopted by the PBOs?
- RQ4: Is financial status or activity domain meaningful to disclosure levels?

Rising research questions instead of formal hypothesising stems from the fact that the presented study is of an exploratory rather than of a validating nature, since little is known on Internet disclosures of Polish NGOs. Even the most comprehensive sectoral studies performed by the Klon/Jawor association include only general statistics on presence of NGOs on the Internet, but not on information they provide. It is also the intention of the author to develop and test a research methodology which may help to capture Internet disclosure of Polish PBOs adequately.

In order to address the research questions the author randomly selected 250 PBOs from the list of organisations entitled to benefit from 1% tax write-offs as presented by the Department of Public Benefit (DPB) in October 2015. At that time, the list included 7656 entries, what meant that the research sample accounted for 3.3% of the entire PBO population (nearly every thirtieth organisation was examined).

Already at the sampling stage it was discovered that 10 PBOs (4% of the sample) might have ceased their activities, since they submitted neither activity, nor financial reports for the fiscal year of 2014 (the reports were due by July 15<sup>th</sup> 2015). There was no evidence found on the Internet that the organisations were active, since information on them was either unavailable (4 cases) or very outdated (6 entities). Another large group of 65 PBOs chosen (26% of the sample) were not present on the Internet at all in October 2015. They (in 63 cases) did not refer to any organisation website or a Facebook profile in their reports or in the database run by Klon/Jawor association (at <http://bazy.ngo.pl>) or their website (in 2 cases) was inactive. Moreover, the author's search for any Internet presence of the said 65 organisations lead to no results whatsoever. That meant that only 70% of organisations from the initial sample (175 objects) were qualified for examination of their Internet disclosures, what was done between October 2015 and January 2016.

Finally, the research sample examined in this paper was reduced by another 14 organisations (5,6%) which “disappeared” from the Internet over one year period

(between February 2016 and February 2017). Therefore, the ultimate sample included 161 PBOs of 250 initially selected (64.4%), what suggests – in response to the research question 1 – that less than 2/3 of Polish PBOs are present on the Internet on a long run. Of the 161 PBOs included in the research, 14 were present only in social media (they had their profiles on Facebook), the rest ran a website (often accompanied by a Facebook profile).

### **3.2. Assessment of Internet disclosures in the research sample**

For the purpose of determining a disclosure related policy of the examined PBOs, and thus to deal with the research question 2 – the author defined a methodology of examining eight information areas together with two communication quality features (see Table 1). The methodology referred to key quality concepts of communication with stakeholders within an ePhilantropy strategy, including: education, case of support and accountability. The first implies that a website provides donors with necessary context to understand the cause of NPOs' operations and their own support. The second requires clear articulation why an NPO warrants support. Finally, accountability entails an organisation feeling responsible to their supporters for how it spends donated funds [Sargeant et al. 2007, p. 144].

The first section of Table 1, covering disclosures on: mission and goals, organisation team and an activity scope, includes the most essential information distinguishing an organisation from any other. At the same time it constitutes a vision that existing or potential supporters of an organisation may want to share. The second section consists of five disclosure areas which help to make operations of a PBO transparent to the general public and proves its accountability to stakeholder groups. Lack of defining beneficiaries of a PBO and effects that an organisation achieves casts 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 “1%” transferred by tax payers 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 little resources to obtain its goals, or – interestingly – that due to considerable levels of revenue and cost it seems “too reach for a charity.” Finally, Internet users, accustomed to live news and a communication relying more on pictures than on words, may see static website of an NGO as unprofessional, indicating a little potential of an organisation.

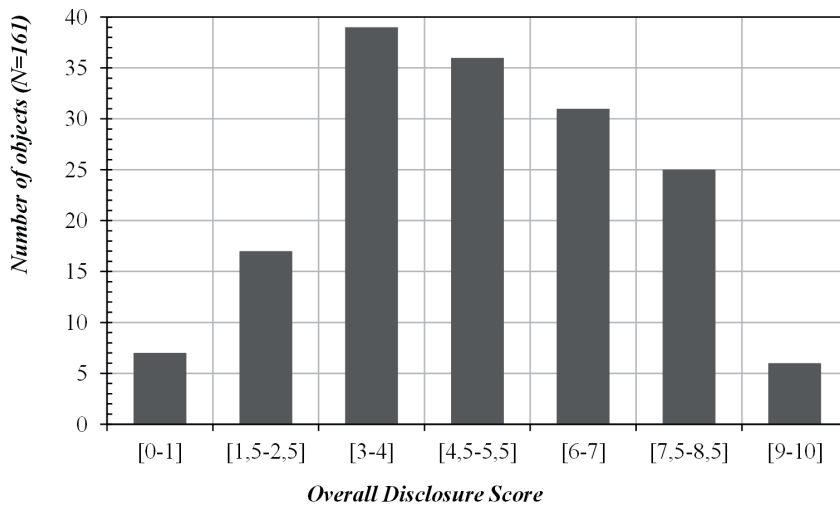
While assessing organisational websites or profiles in social media, the author used a 3-grade scoring system. The system distinguished between two opposing situations: when a PBO disclosed no information in a particular area (0), or when it provided the public with exhaustive information on its performance (1). However, an intermediate level (1/2), when some effort was undertaken to address information needs of a broad Internet audience, was considered necessary to capture how mature an information policy of an organisation was.

**Table 1.** The methodology of Internet disclosure assessment

Assessment area	Requirements fulfilment		
	Not at all (0)	Partially (1/2)	Entirely (1)
Information and promotion			
Mission and goals	information unavailable	presented in a form of bullet points or a short note	detailed presentation of a mission statement and objectives (in a separate tab or section)
Team	information unavailable	a list of a board members or contact persons	detailed presentation of an organisation team with a note on their background (in a separate tab or section)
Activity scope	information unavailable	a list of activity areas (information scattered throughout the website)	detailed presentation of activity domains and an organisation's offer (in separate tabs or sections)
Accountability and transparency			
Beneficiaries	information unavailable	defined target audience (information scattered throughout the website)	detailed presentation of beneficiaries (groups or individuals) with actual help offered
Effects	information unavailable	short posts on accomplished activities	detailed presentation of effects achieved (quantitatively and qualitatively)
Grants and subsidies	information unavailable	a list of tasks contracted	detailed accounts on tasks conducted, with their scopes, time and financial characteristics (or a statement that no such tasks were undertaken)
Tax write-offs	information unavailable	a short note on objectives to be funded with '1%'	information on 1% tax-write offs obtained, spent and activities funded with it
Reporting	information unavailable or outdated reports	uploaded obligatory statements or a link to those	voluntarily extended activity and financial statements
Quality and reliability			
Multimedia	information provided in a form of a text	single images accompanying posts or photo galleries without descriptions	video clips, multimedia presentations, photos well-integrated with posts
Updating	most recent updates older than 12 months	most recent updates older than a month	information up-to-date

Source: own elaboration.

Figure 1 presents an overall assessment of disclosure levels in 161 PBOs examined, using the scoring system introduced in table 1. It can be noted that the distribution of total number of points obtained is balanced, even if not entirely symmetric. The average total score equalled 5.04 (almost at a midpoint), with lower scores (up to 4 points) awarded to 63 organisation, and higher (at least 6 points) to 62 entities. Moreover, the entire scoring range was used, since one organisation was awarded 0 points and another one the maximum of 10. Though, the largest group of



**Fig. 1.** Overall assessment of disclosure levels in examined PBOs

Source: own elaboration.

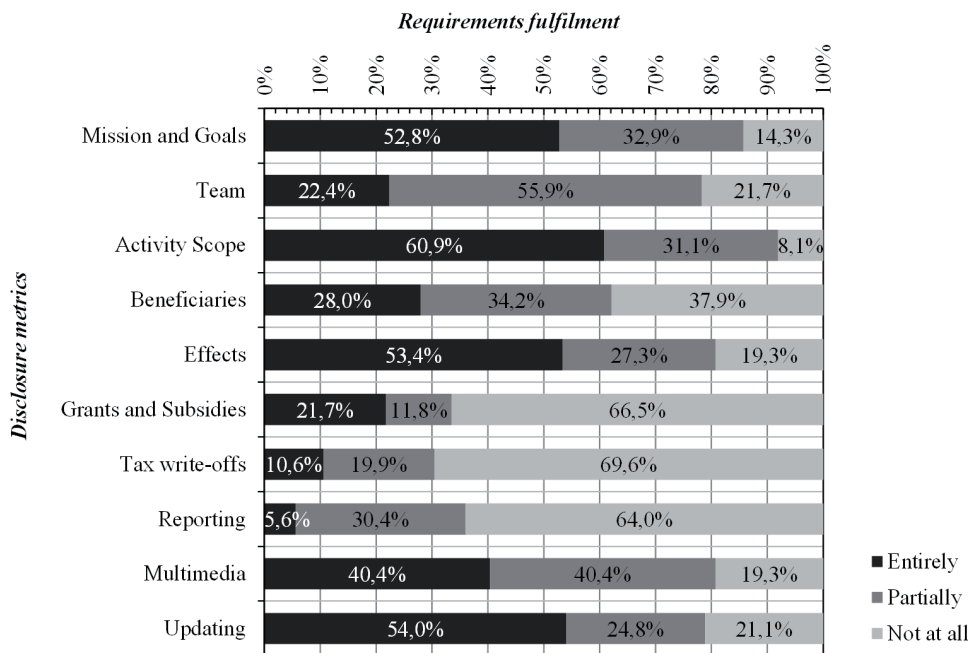
organisation received between 3 and 4 points (39 PBOs). The observed distribution implies a possibility to observe and explain differences between poor, average and top performers in terms of web disclosures.

The overview of disclosure intensity can be further sharpened with a reference to every of the 10 assessment criteria, as seen in figure 2. As one may see, there exist four areas where more than a half of the examined sample was awarded 1 point for meeting disclosure requirements to the full. Those are: activity scope, updating, effects together with mission and goals. This is a positive signal, since such a combination of disclosures covers a logical sequence of defining the ultimate goal of an organisation's existence, ways of achieving it, and validating that way with results generated – all in an up-to-date manner. The observation is also in line with other studies which showed that “general information” and “activities” are the most covered features included by the majority of the NPO's web sites [Díaz et al. 2013, p. 382].

A diversity of approaches can be observed respecting such disclosure domains as: a presentation of an organisation's team, a target audience of PBO's activities or applying visualisation techniques to promote activities of an organisation. In reference to the first two areas it can be said, that PBOs prefer to inform on ‘what’ they do, rather than “who” is involved. In case of multimedia features, the observed situation may be a consequence of a decision whether it is a content or a form which an organisation's stakeholders and a general public prioritise.

A negative observation is that PBOs did not appear to be financially accountable. In about 2/3 of the examined organisations no information of such nature was





**Fig. 2.** Comprehensiveness of information in all examined disclosure areas

Source: own elaboration.

provided. To some extent it is explicable that organisations do not upload nor link to their annual reports, since those are openly accessible in a database run by the DPB. The question is whether stakeholders or a general public are aware of that fact, and whether a lack of financial information on a website is not seen as having something to hide. In a situation where trust is a key asset, financial transparency should be among information priorities. 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 organisation do not use that source of funding (though, it is a key funding source of the sector), or that the accountability is discharged by submitting reports directly to institutions or organisations which provided grants or subsidies. Such conclusion may, however, prove wrong, since it is not an isolated observation that NPOs fail to report on projects they are involved in [Díaz et al. 2013, p. 382].

Finally, it is hardly explicable why only 10.6% of the examined PBOs informed exhaustively what they achieved with “1%” write-offs transferred by taxpayers, in particular when a “1%” logo 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 “1%” to an organisation was featured. It has been proved that when donors understand how their funds are employed and why that is important, an organisation may expect

a significant increase in a level of donations [Sargeant et al. 2007, p. 143]. Even if taxpayers are not seen as donors, low financial transparency on that issue negatively affects perception of a “public benefit” status of an organisation.

### 3.3. Cluster analysis

In pursuit of the answer to the research question 3, the author used one of data mining functionalities in Statistica software, namely a cluster analysis based on a *k*-means algorithm using Euclidean distances with an option to maximise distances between clusters. As a result the examined sample of 161 PBOs was split into 3 classes. Figure 3 presents mean values of the ten Internet disclosure metrics in each of the clusters.

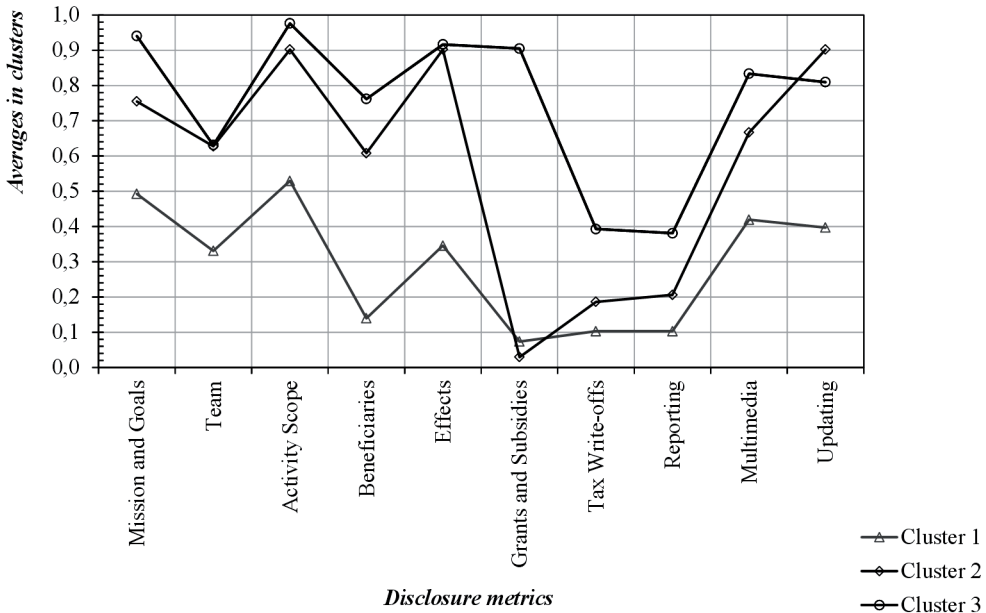


Fig. 3. Mean values of disclosure metrics in the three PBO clusters

Source: own elaboration.

Based on Figure 3 the three Internet disclosure strategies of PBOs, sorted according to their level of advancement, may be characterised as: “a contact page” (cluster 1), “a promotion website” (cluster 2), and “a stakeholder relationship portal” (cluster 3). Particular clusters included 62, 51 and 42 PBOs respectively, that is 27.2%, 20.4% and 16.8% of the initial sample. Considering that 89 objects (35.6%) of the initial sample were inactive on the Internet on a long run (or inactive at all), the four identified groups were more and more exclusive.

As one can see the “contact page” strategy includes medium levels of disclosure metrics from the “information and promotion” group as well as “quality and reliability” one, and low disclosure levels in case of “accountability and transparency” metrics, with the exception of effects. The “promotion website” approach was characterised by higher levels of disclosure metrics in all groups, and in particular those related to “activity scope”, “effects” and “updating” (the mean level of 0.902 in each case), with the exception of financial accountability ones, including “grants and subsidies” (0.029), “tax write-offs” (0.186) and “reporting” (0.206). The final strategy described as “a stakeholder relationship portal” differed mostly in terms of financial accountability, where the disclosure levels reached medium values, namely: “tax write-offs” (0.393) and “reporting” (0.381), or high ones “grants and subsidies” (0.905). One can also note that the “mission and goals” disclosures together with “activity scope” ones reached nearly perfect scores of 0.940 and 0.976, respectively.

In the next step the author applied the Mann-Whitney  $U$  test to verify whether the observed differences between the clusters were statistically valid. The selection of a non-parametric test was made, since the scoring method applied was based on an ordinal scale. The results of the analysis is presented in Table 2.

**Table 2.** The factors differentiating disclosure strategies in PBOs

Assessment area	Cluster 1 vs. 2		Cluster 2 vs. 3		Cluster 1 vs. 3	
	$Z$	$p$	$Z$	$p$	$Z$	$p$
Mission and goals	<b>-3.477</b>	<b>0.001</b>	<b>-2.636</b>	<b>0.008</b>	<b>-5.590</b>	<b>0.000</b>
Team	<b>-4.207</b>	<b>0.000</b>	0.093	0.926	<b>-4.214</b>	<b>0.000</b>
Activity scope	<b>-5.504</b>	<b>0.000</b>	-1.224	0.221	<b>-6.248</b>	<b>0.000</b>
Beneficiaries	<b>-5.952</b>	<b>0.000</b>	-1.779	0.075	<b>-7.312</b>	<b>0.000</b>
Effects	<b>-7.000</b>	<b>0.000</b>	-0.104	0.917	<b>-6.802</b>	<b>0.000</b>
Grants and subsidies	0.690	0.490	<b>-8.172</b>	<b>0.000</b>	<b>-8.432</b>	<b>0.000</b>
Tax write-offs	-1.141	0.254	<b>-2.192</b>	<b>0.028</b>	<b>-3.319</b>	<b>0.001</b>
Reporting	-1.334	0.182	<b>-2.467</b>	<b>0.014</b>	<b>-4.051</b>	<b>0.000</b>
Multimedia	<b>-3.332</b>	<b>0.001</b>	<b>-2.559</b>	<b>0.010</b>	<b>-4.968</b>	<b>0.000</b>
Updating	<b>-5.840</b>	<b>0.000</b>	1.467	0.142	<b>-4.642</b>	<b>0.000</b>

Source: own elaboration.

Based on results presented in Table 2, it is seen how disclosure strategies evolve, from the first to the second, and from the second to the third level. The figures in bold indicate statistically significant differences between any of the cluster pairs. The evolution from “a contact page” to “a promotion website” entails intensification in all analysed disclosure areas, except for those related to financial accountability. That means that when a PBO wants to upgrade its communication via the Internet, it focuses on non-financial and qualitative factors first.

The evolution from level 2 to level 3 implies a substantial improvement in terms of financial transparency, but also a better definition of a mission and social goals, seasoned with a more intensive use of multimedia materials. Clearly it is a communication targeted at stakeholders – existing and would-be ones. Such a pattern finds confirmation in other research projects showing that organisations which are the most successful in obtaining financial support are those which make their annual reports available to donors but at the same time provide information on how they fulfil their missions. The less successful organisations rely on 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].

Finally, it has to be emphasised that a difference between organisations adopting strategies 1 and 3 is significant in all disclosure areas. Those differences show a vast space between novice and experience Internet users among the PBOs.

### 3.4. Factors influencing Internet disclosures

The ultimate research question to be addressed was whether identified Internet disclosure strategies were contingent on such factors as a platform used (website against social media), a financial standing of an organisation or an activity domain. The author expected the first two factors being influential, and the third one not. The analysis applied Kruskal-Wallis test, the results of which can be found in Tables 3–5.

**Table 3.** Influence of an Internet platform on disclosure levels

Assessment area	Average disclosure levels in groups		Mann-Whitney test	
	www	F	Z	p
<i>N</i>	147	14		
Mission and goals	0.741	0.179	<b>4.467</b>	<b>0.000</b>
Team	0.544	0.071	<b>4.539</b>	<b>0.000</b>
Activity scope	0.803	0.357	<b>4.323</b>	<b>0.000</b>
Beneficiaries	0.480	0.143	<b>2.805</b>	<b>0.005</b>
Effects	0.687	0.500	1.812	0.070
Grants and subsidies	0.299	0.036	1.887	0.059
Tax write-offs	0.218	0.071	1.191	0.234
Reporting	0.228	0.000	<b>2.433</b>	<b>0.015</b>
Multimedia	0.602	0.643	-0.231	0.817
Updating	0.643	0.893	<b>-2.121</b>	<b>0.034</b>
Cluster	1.905	1.143	<b>3.189</b>	<b>0.001</b>

Dark grey / light grey cells – the highest / the lowest mean values of disclosure metrics; bold – statistically significant differences; www: web-based disclosures / F: disclosures based on social media platform.

Source: own elaboration.

**Table 4.** Influence of annual revenue on disclosure levels

Assessment area	Average disclosure levels in groups				Kruskal-Wallis test	
	Size <=3	Size 4	Size 5	Size >=6	$H_{(6,161)}$	$p$
<i>N</i>	12	60	60	29		
Mission and Goals	0.500	0.650	0.683	0.879	<b>12.884</b>	<b>0.005</b>
Team	0.375	0.433	0.558	0.586	<b>7.861</b>	<b>0.049</b>
Activity Scope	0.583	0.683	0.817	0.897	<b>14.524</b>	<b>0.002</b>
Beneficiaries	0.083	0.342	0.525	0.672	<b>25.555</b>	<b>0.000</b>
Effects	0.458	0.575	0.725	0.845	<b>14.256</b>	<b>0.003</b>
Grants and Subsidies	0.000	0.192	0.275	0.569	<b>22.836</b>	<b>0.000</b>
Tax write-offs	0.083	0.183	0.217	0.276	2.563	0.464
Reporting	0.083	0.158	0.200	0.379	<b>11.659</b>	<b>0.009</b>
Multimedia	0.500	0.525	0.617	0.793	<b>12.064</b>	<b>0.007</b>
Updating	0.375	0.617	0.692	0.828	<b>11.762</b>	<b>0.008</b>
Cluster	1.250	1.650	1.867	2.414	<b>23.449</b>	<b>0.000</b>

Dark grey / light grey cells – the highest / the lowest mean values of disclosure metrics; bold cells – statistically significant differences; size <= 3: annual revenue below 10.000 PLN / size 4: annual revenue below 100.000 PLN / size 5: annual revenue below 1.000.000 PLN / size 6: annual revenue over 1.000.000 PLN.

Source: own elaboration.

**Table 5.** Influence of activity area on disclosure levels

Assessment area	Average disclosure levels in groups							Kruskal-Wallis test	
	SOC	SPO	HEA	EDU	CUL	DEV	ENV	$H_{(6,161)}$	$p$
<i>N</i>	49	25	24	23	16	16	8		
Mission and goals	0.755	0.420	0.729	0.826	0.563	0.813	0.688	<b>22.104</b>	<b>0.001</b>
Team	0.480	0.440	0.438	0.587	0.438	0.656	0.625	8.604	0.197
Activity scope	0.745	0.780	0.667	0.826	0.750	0.813	0.875	3.736	0.712
Beneficiaries	0.490	0.620	0.375	0.543	0.094	0.281	0.688	<b>25.324</b>	<b>0.000</b>
Effects	0.694	0.760	0.396	0.848	0.469	0.719	0.875	<b>25.384</b>	<b>0.000</b>
Grants and subsidies	0.398	0.040	0.313	0.239	0.031	0.469	0.375	<b>22.932</b>	<b>0.001</b>
Tax write-offs	0.255	0.100	0.208	0.217	0.188	0.188	0.250	2.641	0.852
Reporting	0.265	0.040	0.271	0.174	0.094	0.219	0.500	<b>21.760</b>	<b>0.001</b>
Multimedia	0.582	0.700	0.417	0.587	0.656	0.719	0.750	9.155	0.165
Updating	0.663	0.820	0.417	0.674	0.688	0.688	0.813	12.407	0.054
Cluster	1.939	1.680	1.625	1.913	1.438	2.125	2.375	<b>12.779</b>	<b>0.047</b>

Dark grey / light grey cells – the highest / the lowest mean values of disclosure metrics; bold – statistically significant differences; SOC: social welfare / SPO: sport / HEA: health care / EDU: education / CUL: culture / DEV: economic development / ENV: environmental.

Source: own elaboration.

As seen in Table 3 PBOs running their websites (www) differ substantially from those which have a Facebook profile (F) in six of ten disclosure areas. They provide more comprehensive information on: mission and goals, team, activity scope, beneficiaries and reporting. Social media on the other hand enable prompt updates on activities conducted by an organisation. All that contributes to allocating PBOs selecting one or the other options to different clusters, with those using Facebook profiles as a main communication channel being qualified to cluster 1.

The decision to found a PBOs Internet strategy on a website or social media may have its implications on fundraising effectiveness. One should remember that a success in building financial stability of an organisation require good relationships between an NPO and their supporters. Organisation which expects that a website featuring basic information on an entity and including a link to on-line donations is going to increase substantially funds available, may be disappointed. They omit a precondition of success, namely a two-side communication to build trust [Naudé et al. 2004, p. 90]. As it is seen in Table 4 a strategy based on social media results in less information available, however, more up-to-date, with a possibility to interact and build a community. Research shows, on the other hand, that NPOs may demonstrate their care and responsibility toward stakeholders, and thus strengthen their relationships both using a website and social media. Despite advantages of social media in bilateral communication, there is a reason why websites are preferred. Individuals tolerate, but do not seek for organisational users on the Facebook and dislike any “aggressive” campaigning, seeing that medium as an interpersonal, social network. Websites provide control over information contents, graphical layout and functionality scope, thus offering freedom of managing stakeholder relations in the most adequate way [Waters, Feneley 2013, p. 225, 226].

Table 4 shows disclosure levels in PBOs divided into four budget size classes, with annual revenue up to 10,000 PLN (size  $\leq 3$ ), up to 100,000 PLN (size 4), up to 1,000,000 PLN (size 5) and over 1 million PLN (size  $\geq 6$ ). PBOs with more funds available are more active on the Internet (consistently with the lowest mean values for class “ $\leq 3$ ” and the highest for “ $\geq 6$ ” one). Only in case of tasks financed with 1% tax write-offs, the difference between the clusters proved insignificant.

Interestingly, there are numerous studies which present contradictive conclusions in this respect. Firstly, it is stated that the Internet creates opportunities mostly to smaller organisations, since it equalises PR potential between NPOs belonging to various financial strata [Kang, Norton 2004, p. 283]. Secondly, it is claimed that although financial status is a significant factor in the analysis of Internet disclosure intensity, larger organisations are less willing to provide the general public with information [Tremblay-Boire, Prakash 2015, p. 709], presumably because they already maintain good relationships with key stakeholders and do not want to lose its competitive edge. Thirdly, it is showed that although wealth is an enabling factor in decisions to launch a website, being active on the Internet is dependent more on activity domain [Tuckman et al. 2004].

Finally, analysing Table 5, significant differences between PBOs operating in seven activity domains, including: social welfare (SOC), sport (SPO), health care (HEA), education (EDU), culture (CUL), economic development (DEV), and environmental (ENV) domains were spotted. Organisations of education domain informed far better on their missions and goals than sport ones. Beneficiaries of environmental PBOs were much better defined than those of cultural ones. Again, environmental PBOs presented their achievements in details, whereas little was known on the effects obtained in health-care NPOs. Organisations dealing with economic development problems were found more accountable for grants and subsidies than cultural ones, what could be explained by a higher level of financing from that source in the first group. Finally, environmental PBOs did care about uploading their annual reports on websites, contrary to sport organisations which failed to do that in nearly all cases. The observed differences entailed allocation of organisations from different activity domains to different disclosure clusters.

The results obtained are to a certain extent in agreement with other studies. For example, it was demonstrated that NPOs operating in such areas as: environment, civil rights, advocacy and international activities, are more willing to benefit from the potential of the Internet than those active in culture, recreation and social services [Pinho, Macedo 2006, p. 189]. The different conclusion was drawn in case of NPOs active in health-care, which – contrary to the author’s observations – well qualified as high performers on the Internet. On the other hand, other researchers argue that NPOs from the health sector disclose less information, because they undergo more restrictive governmental regulations, and thus benefit less from voluntary disclosures [Tremblay-Boire, Prakash 2015, p. 710].

#### **4. Conclusions**

As mentioned in the Introduction, the Internet changes ways how NPOs operate, in three ways. Firstly, it helps to reach a broader audience with a message explaining a purpose of NPO’s existence. Secondly, it opens new ways to solicit support and increases effectiveness and efficiency of fundraising. Thirdly, it opens a new channel of bidirectional communication with stakeholders and a general public. In this context results and conclusion of the research on Internet disclosures of Polish PBOs have a threefold contribution to the existing body of knowledge. Firstly, they confirm usefulness of a methodology assessing Internet disclosures which is adjusted to specific conditions in which Polish PBOs operate. Secondly, they define three strategies related to Internet disclosures, including: “a contact page,” “a promotion website” and “a stakeholder relationship portal” together with differences between those approaches. Thirdly, they attribute differences in intensity of disclosures and those between the three strategies to influences of Internet platforms, financial status of organisations and their activity domains.

The research is not free of limitations, though. Firstly, it relies on a subjective conversion of disclosure quality into a 3-grade scoring scale. Even if the assessment criteria are used consistently, an individual perception never represents a perspective of various stakeholder groups. Secondly, the analysis of how financial standing affects adoption of disclosure strategies, which proved that higher revenue level was a contributing factor to better promotion, transparency and reliability disclosure scores, may be found incomplete. It is reasonable to believe that, for example, EU funding and related accountability should increase transparency level in an organisation. Unfortunately, the information contents of obligatory annual statements, and in particular the simplified ones (submitted by PBOs included in size groups “< 3” and “4”), do not allow for obtaining required and reliable data on that funding source which remains included in much broader a category of public funding. For the said reasons the research project the results of which are presented in this paper included also an analysis of how donors perceived PBO’s Internet disclosure quality and what potential effects this may have on their financial decisions. That, however, would be a subject of a separate paper.

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