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Author

HyunKyung Jun, YoungJu Lee, YoonJoo Jahang

Title

The exploratory study of stakeholders' perceptions toward the transparency of nonprofit organizations in Korea: Does every stakeholder has a similar idea on the transparency of nonprofit organizations?

Abstract

This study intends to explore the perceptions of stakeholders toward the transparency of nonprofit organizations in Korea. Specifically, this study focuses on two research questions of what stakeholders define the transparency and whether there is a difference in their perceptions. In Korea, the nonprofit sector has been consistently and enormously growing and the governmental regulation of financial report and external audit for nonprofit organizations has been tightened for the last fifteen years. Although most nonprofit organizations have been trying to meet this regulation, the evaluation of the public for the nonprofit transparency has not been improved. For instance, Giving Korea 2016 of the Beautiful Foundation, 58.9% of participants said that the transparency of nonprofit organization must be strengthened to enhance the participation of donation. However, there is neither agreement on what the transparency really means in the nonprofit sector, nor its evaluation tools for nonprofit organizations.

In order to discuss the meanings of transparency in the nonprofit sector, this study uses qualitative interviews with diverse stakeholders of nonprofit organizations. The in-depth interviews are performed with two journalists, and one researcher from the area of social welfare. In addition, focus group interviews are conducted with four different stakeholder groups of regular donors, irregular donors, non-donors, and also fundraisers.

The study results show three major findings. First, participants tend to trust large and well-known organizations more than small and unfamiliar organizations. Second, stakeholders of nonprofit organizations perceive the transparency of the nonprofit organizations in different ways. Fundraisers suggest that transparency can be brought by the effectiveness of grant-making, while
donors consider nonprofit organizations as being transparent when they have a experience to personally or directly meet beneficiaries through nonprofit organizations. Lastly, the public suggest the transparency of nonprofit organizations is not the crucial factor when they decide to donate, even though most current surveys report that the public point the transparency as one of most important reason to donate or not.

This study offers a basic understanding of the transparency by discussing what it actually means from the diverse stakeholders’ perspectives in the nonprofit sector. This study has both academic and practical implications. Academically, it suggests that further studies need to consider not only the actual meaning of the transparency, but also the diverse contexts of nonprofit organizations. Practically, nonprofit organizations and government should deal with diverse needs of stakeholders and contexts surrounding the nonprofit sector to develop policies for strengthening the transparency.

**Keyword**

transparency of nonprofit organization