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Title

Accountability to donors through the World Wide Web

Abstract

As donations are critical to the revenues required by nonprofits to realise their social mission, the competition in the market of charitable contributions is high (Saxton et al., 2014). Donors demand to know how nonprofits spend the donated money and need to be reassured that funds have not been misappropriated. To be informed, donors have to rely on external communication channels, as they are usually not directly involved in the management of the charity. Therefore, nonprofits can use increased accountability as a lever for building confidence and promoting charitable giving (Connolly & Hyndman, 2013).

The diffusion of Internet-based technologies has revealed a considerable potential for disclosing information to a wide range of stakeholders at a limited cost (Ingenhoff & Koelling, 2009; Kang & Norton, 2004; Saxton & Guo, 2011, 2012). Several studies in the US context have highlighted the role of the Web in fostering charitable contributions. Among others, Sargeant et al. (2007) investigated the fundraising performance of nonprofits websites and found that it was directly related to disclosures about how funds were employed. Waters (2007) analysed the use of the Internet for fundraising purposes and found that nonprofits usually make available on the Web their annual reports and provide disclosure on organisational goals and mission statements. Saxton et al. (2014) found a positive relationship between the level of donations and the amount (magnitude) of disclosure provided by nonprofits through their websites. In particular, they found that annual reports and the magnitude of disclosure on organisational performance were both associated with high levels of charitable contributions, while disclosure on financial information was not.

These previous studies have examined the relationship between accountability through the Web and charitable giving by focusing on the magnitude of the disclosure, that is, the amount of content
(volume and/or frequency) targeted at the donors. What they have not considered is the depth of Web disclosure, that is, the level of detail of the information provided (Beck et al., 2010). Aiming to contribute to filling this gap, this paper explores if and how the depth of websites’ disclosure is related to the level of donations. To this aim, the theoretical framework put forward by Saxton and Guo (2011), considering both financial and performance information disclosed through the Web, will be used. This study focuses on community foundations (CFs), which are grantmaking charities that achieve their mission by pooling financial resources from individuals, families and business donors.

First, we carry out a content analysis (Krippendorff, 2013) of the websites of the CFs operating in Europe in 2018 (CommunityFoundationsAtlas, 2018) to better understand the magnitude and depth of the information provided online, distinguishing between financial and performance disclosure. Second, we investigate the relationship between the depth of disclosure and the level of donations.

The results will contribute to drawing a picture of the link between charitable giving and web-based accountability practices in the European context that could be useful for the Asian community foundations as they are similar in terms of incomes and grantmaking distribution (CommunityFoundationsAtlas, 2018).

**Keyword**

Accountability; Web Disclosure; Donors; Fundraising; Community Foundations