TRANSPARENCY OF NONPROFIT ORGANIZATIONS: AN INTEGRATIVE FRAMEWORK AND RESEARCH AGENDA

ABSTRACT

Over the past 20 years, as the study of transparency has evolved into a burgeoning multidisciplinary field, nonprofit scholars have developed an impressive body of research on the antecedents and outcomes of the transparency of nonprofit organizations (NPOs). From both theoretical and practical purposes, it is necessary to develop an overall picture of such antecedents and outcomes, to allow scholars and NPOs to understand why, when, and how transparency should be implemented. Current studies provide a fragmented view, focused on specific elements of NPO transparency; with a systematic literature review of 76 articles, this article offers both an integrative framework of the antecedents and outcomes of NPO transparency and an agenda for research, based on a critical analysis of the integrative framework. Four relevant research orientations emerge: (1) direction of NPO transparency, (2) distinguishing actual from perceived transparency, (3) the dark side of NPO transparency, and (4) NPO transparency contingency factors. Research along these four orientations could add nuance to existing knowledge of transparency and provide key insights with regard to why, when, and how transparency works.

Keyword Nonprofit – transparency – systematic literature review – integrative framework – research agenda

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INTRODUCTION

In the past two decades, organizational transparency increasingly has captured authors' attention, emphasized by various societal evolutions, such as the progress of technology (Lee, Son, & Kim, 2016), the pervasiveness of information (Roetzel, 2019), and increasing demand for tangible signs of organizations' social responsibility (Harris, Petrovits, & Yetman, 2015; Wu, Zhang, & Xie, 2020). When organizations answer the call for transparency, their main goal is to foster stakeholders' trust and satisfaction (Park & Blenkinsopp, 2011; Schnackenberg & Tomlinson, 2016) and thereby enhance their performance (Davis, 2006; Liang, Wang, & Dawes Farquhar, 2009).

The growing interest and demand for organizational transparency also has attracted the attention of scholars from multiple disciplines and made transparency literature a burgeoning field. To overcome acknowledged limits, authors have used systematic literature reviews to criticize the current state of the art and proposed relevant directions for research. Their articles focus mainly on two organizational settings: for-profit (e.g., Granados, Gupta, & Kauffman, 2010; Parris, Dapko, Arnold, & Arnold, 2016) or public organizations (e.g., Cucciniello, Porumbescu, & Grimmelikhuijsen, 2017; Meijer, t' Hart, & Worthy, 2018). Surprisingly, no systematic literature reviews address transparency in the nonprofit sector though.

Although nonprofit organizations (NPOs) may adopt some for-profit and public management practices, their specific characteristics require NPOs to be considered as unique settings (Beck, Lengnick-Hall, & Lengnck-Hall, 2008; Hume & Leonard, 2014). For example, the antecedents and outcomes of NPO transparency differ from those in other organizational settings because of four main points of distinction: (1) stakeholder networks are complex (e.g., Van Puyvelde, Caers, Du Bois, & Jegers, 2012); (2) the organizational culture is less hierarchical (e.g., Speckbacher, 2008); (3) they are collaborative in nature, rather than competitive (e.g., Liao,

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Foreman, & Sargeant, 2001); and (4) their mission is oriented toward society (Hansmann, 1980).

Two other reasons make an integrative framework specific to NPO transparency urgently required. First, the recent revelation of mismanagement practices by some NPOs has shaken stakeholders' trust (Becker, Boenigk, & Willems, 2020). Transparency may be necessary for restoring trust, so nonprofit scholars' interest in disentangling the antecedents and outcomes of transparency has increased (e.g., Harris & Neely, 2021). Second, the growing instability of public funding for NPOs and the arrival of many for-profit firms in sectors traditionally occupied by NPOs have sharpened NPOs' competition for funding (Hung & Hager, 2019; Paarlberg & Hwang, 2017; Topaloglu, McDonald, & Hunt, 2018). They also have strong incentives to demonstrate their competitive advantage by openly reporting on their performance and effectiveness (Charles & Kim, 2016; Woodroof, Howie, & Peasley, 2020; Fonseca, Paço, & Figueiredo, 2021). To gain such a crucial, thorough understanding of transparency in the nonprofit sector, we investigate three main research questions: (1) What are the key antecedents that influence NPOs to adopt transparency practices? (2) What are the expected outcomes for NPOs that implement transparency practices? (3) What are the main research questions that have been neglected?

With a systematic, multidisciplinary literature review of 76 articles, we propose a set of factors that characterize the manifestation of transparency in NPOs. We frame these factors in an integrative framework and delineate relevant research directions. Accordingly, we establish a comprehensive overview of NPO transparency research.

EXISTING FRAMEWORKS OF ORGANIZATIONAL TRANSPARENCY

Depending on whether the perspective of the information sender or receiver is adopted, the concept of organizational transparency encounters different definitions. For example, while

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embracing the information sender's point of view, Heimstädt and Dobusch define transparency as the "systematic programs for information disclosure that meet information needs external to the organization" (2018, p. 727); in doing so, the focus is put on the practices leading to transparency. In contrast, Schnackenberg and Tomlinson focus on the information receiver's point of view and perceptions when defining transparency as "the perceived quality of intentionally shared information from a sender" (2016, p. 1788). Regardless of the heterogeneity of the definitions, the concept of organizational transparency has attracted attention from organizational scholars of the private, public, and nonprofit fields.

In the realm of organizational studies, Granados et al. (2010) were the first to propose an integrative framework and research agenda related to organizational transparency; they specifically developed their framework in a business setting, focusing on business-to-consumer (B2C) relations. Then Parris et al. (2016) established a new for-profit transparency framework. In contrast with Granados et al. (2010)—who introduced transparency as a selling strategy—they present it as an ethical practice that is essential for responsible corporate management. Their systematic review of business literature provides valuable answers to critical questions related to why, when, and how transparency should be implemented in for-profit contexts.

Public administration scholars develop specific integrative frameworks of government transparency too. From the perspective of government organizations, Cucciniello et al. (2017) conduct a systematic literature review that addresses questions similar to those asked by Parris et al. (2016), but they obtain different answers. In the first study, authors note citizen participation in government institutions as a key beneficial outcome of transparency, but participation is absent from the second study. Civic democracy's requirements for civic competence and engagement prioritizes the relationship between public organization transparency and participation though, as demonstrated in Meijer et al.'s (2018) interpretive framework of government transparency.

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These existing integrative frameworks of business and public organizations transparency yield valuable insights for this study, yet they are inadequate to address the specific case of NPOs. Because of the peculiarities of the NPO setting (Beck et al., 2008; Hume & Leonard, 2014), existing integrative frameworks simply are unsatisfactory because they are conducted in different organizational settings.

RESEARCH METHOD

A systematic review is a research methodology that involves a rigorous, replicable examination of literature on a specific topic. For this review, we rely on the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) statement (Moher, 2009), together with Siddaway et al.'s (2019) recommendations to set up a protocol to identify and analyze relevant studies. By enhancing transparency, reliability, and ease of reading, PRISMA guidelines aim to increase the quality of systematic reviews (Liberati et al., 2009). The protocol results in a four-phase process: (1) *identification*, (2) *screening*, (3) *selection*, and (4) *coding* (see Figure 1).

[Insert Figure 1 here]

For the identification phase, we first identified Academic Search Premier, Business Source Premier, EconLit, Scopus, and LISTA as electronic databases relevant to our research area. We then selected sector-related search terms to include material related to NPOs; we also included topic-related search terms to cover transparency and disclosure because of their closely related signification (O'Neill, 2006). Despite the interconnectedness between transparency and accountability, we exclude 'accountability' from the topic-related search terms to keep outputs of this study specifically restricted to the concept of transparency, including information disclosure. Indeed, while accountability is of little value without transparency, the latter is only one of the dimensions of the accountability construct, together with the other answerability, compliance, and enforcement dimensions (Ebrahim & Weisband, 2007). Hence, accountability

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consists of “the means by which individuals and organizations report to a recognized authority (or authorities)” but also, the means by which these individuals and organizations “are held responsible for their actions’’ (Edwards & Hulme, 1996, p. 967).

Accordingly, we selected all material from databases that included, in their titles or keywords, “transparen* OR disclos*” and “nonprofit OR non-profit OR “non profit” OR not-for-profit OR “not for profit” OR NPO* OR Nongovernmental OR non-governmental OR “non governmental” OR NGO* OR “civil society” OR “third sector” OR “voluntary organi$ation*” OR charit* OR “charit* organi$ation*.” Next, from the retrieved list of material, we retained studies published in English between 2000 and 2020 in international peer-reviewed journal articles or books from prominent publishers, in the domain of social, economic, and management sciences. Because domains of study overlap, the selection of these domains of study still allows the consideration of articles published simultaneously in other domains of study. In this phase, we were as inclusive as possible to ensure our initial material was broad and likely to cover all the most relevant aspects of NPOs’ transparency.

During the screening phase, we read all abstracts of the 443 identified studies. We retained 158 documents with a distant or close relationship to NPO transparency. We discounted 285 documents that had entirely unrelated topics.

In the selection phase, we assessed the documents we had retained at the end of the preceding phase by reading their full texts and considering whether they addressed at least one of our research questions. We performed a strict selection of 66 articles by eliminating 92 articles. We also evaluated the bibliographies of selected documents and identified 10 eligible articles that “slipped through the cracks” despite the precautions of our adopted protocol. The screening and selection phases produced a workable set of materials suitable for keeping our contributions focused on our research questions.

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Finally, in the coding phase, we examined 76 peer-reviewed articles and book chapters (see the Online Appendix for references), according to a self-established coding system. We established that relevant information referred but was not restricted to the definition or conceptualization of critical concepts, lists of theories used, definitions of key measures and variables, description of the research design and participants, year and journal of publication, and main findings and limitations. This system allowed us to extract various relevant aspects and refine our analysis for specific aspects of the complex overall concept of transparency.

TOWARD AN INTEGRATIVE FRAMEWORK OF NPO TRANSPARENCY

In this section, based on the systematic review, we first present and structure the antecedents and outcomes of transparency in NPOs in an integrative framework. We then offer suggestions to guide further research that can fill current literature gaps.

Overall, with regard to NPO transparency, scholars have shown much more interest in its antecedents than its outcomes: 67% of the 76 studies focus fully or partly on antecedents, whereas 42% focus on outcomes. Despite this difference, our systematic review of the material allows us to construct an integrative framework with antecedents on one side, and the outcomes of NPO transparency on the other side (Figure 2). We examine both in depth.

[Insert Figure 2 here]

ANTECEDENTS OF NPO TRANSPARENCY

Figure 2 shows two main groups emerge from the complete list of the 19 antecedents described by literature: (1) environmental antecedents related to the socioeconomic contexts in which organizations evolve and (2) organizational antecedents related to organizations' internal characteristics. Although organizations may influence internal organizational factors, environmental antecedents influence factors over which organizations have little power. We discuss both types.

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ENVIRONMENTAL ANTECEDENTS

Environmental antecedents relate to the idea that NPOs establish transparency practices as a reaction to the institutional, social, economic, and political environments in which they operate (Langton & West, 2016). Scholars make assumptions about and estimate the effect of the following five environmental aspects:

(1) *Stakeholder expectations*: Research shows NPOs are confronted with and motivated by transparency expectations of the society in general (Rey-García, Martín-Cavanna, & Álvarez-González, 2012) and stakeholders in particular (Dhanani & Connolly, 2012; McConville, 2017; Vaccaro & Madsen, 2009). Society's transparency expectations are particularly salient for the nonprofit sector, because society expects NPOs to follow the highest ethical standards because of their charitable mandate (Becker, 2018; Jeavons, 2016). In addition to addressing society's expectations, NPOs confront the information needs of stakeholder groups, such as private donors who wish to know how effectively organizations are achieving their missions (McDowell, Li, & Smith, 2013; Saxton & Zhuang, 2013; Zhuang, Saxton, & Wu, 2014).

(2) *Sector norms*: The norms of the sectors in which organizations evolve formulate standards that NPOs tend to adopt (Hale, 2013). This standardization process also applies to transparency practices. Sector norms are guided partly by third-party agents, such as watchdogs, that make recommendations with regard to transparency definition and implementation. By facilitating comparisons among NPOs of the same sectors, third-party agents favor emulation, according to which NPOs mimic the transparency practices of the most successful members (Rey-García et al., 2012).

(3) *Sector competition:* In competitive and dense environments, such as when the ratio of NPOs per the total population of citizens is large, being transparent involves taking relatively more risks for NPOs because they are sharing relevant content that is more

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clearly visible and directly applicable for competitors (Vaccaro & Madsen, 2009). Notably, scholars observe a negative effect of competition on transparency practices, suggesting NPOs may adopt protective behaviors by not disclosing relevant information when they face competition (e.g., Saxton & Guo, 2011). At the same time, transparency is also presented as a competitive advantage that organizations rely on to distinguish themselves from competitors and to further develop their legitimacy in competitive environments (e.g., Lu et al., 2018). In sum, competition has direct effects that are positive and negative for transparency. Hence, whether sector competition supports or hinders NPO transparency remains uncertain.

(4) *Regulation regime*: Rules and laws establish settings in which NPOs can legally conduct their activities; regulation regimes shape NPOs' conduct in general and their transparency practices in particular. For example, ruling authorities may require NPOs to disclose audit reports or financial statements, thereby strengthening the NPO sector's transparency. As a result, transparency increases when regulation regimes establish strict, rather than highly voluntary, reporting obligations (Calabrese, 2011; Cordery, 2013; Hale, 2013; Slatten, Guidry Hollier, Stevens, Austin, & Carson, 2016).

(5) *NPO location:* The infrastructures that surround organizations' operations influence their connections with stakeholders and peers. For example, research suggests NPOs adopt fewer transparency practices when the poverty levels of their local communities are high, because high poverty levels imply less technological support for transparency practices, such as online disclosure (Saxton & Guo, 2011; Slatten et al., 2016).

Organizational antecedents

Organizational antecedents can be separated into three subgroups: (1) strategy, (2) capacity, and (3) governance (Hu, Zhu, & Kong, 2020; Saxton, Kuo, & Ho, 2012).

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Strategy. Among strategy antecedents, nonprofit literature indicates six different factors that influence transparency behavior.

(1) *Organizational form:* In terms of form, NPOs adopt the organizational forms best suited to achieving their missions. Choices include, but are not limited to, legal status, type of registration, and structural partnerships. In turn, these elements imply there are some regulations to follow or expectations to fulfill with regard to information disclosure (e.g., Deng, Lu, & Huang, 2015; Nie, Liu, & Cheng, 2016; Waniak-Michalak & Michalak, 2016).

(2) *Internationalization*: The distance between organization' headquarters and their field actions—that is, their level of internationalization—influences the requirement to report results to stakeholders. A larger distance between stakeholders and actions increases the difficulty of assessing NPO efficiency, thus reinforcing stakeholders' information needs. Consequently, the degree of internationalization of NPOs positively influences their transparency behavior (e.g., McDonnell & Rutherford, 2019; Saxton & Guo, 2011; Xue & Niu, 2019).

(3) *Sector type*: The sector types of NPOs influence their stakeholders' information needs and thus their transparency practices. In particular, NPOs that deliver credence services (e.g., cultural or educational activities)—the quality of which are difficult to assess—are more likely to experience or anticipate stakeholder pressure to apply transparency practices to make such highly intangible services tangible (e.g., Behn, DeVries, & Lin, 2010; Hu et al., 2020; Tremblay-Boire & Prakash, 2015).

(4) *Financial structure:* The financial structures and budget allocation decisions of NPOs, such as fundraising or administrative expense choices, affect their transparency behavior. For example, high overhead ratios, which are less attractive to donors (e.g., Bowman, 2006; Burkart, Wakolbinger & Toyasaki, 2018), negatively affect NPO

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transparency, suggesting NPOs restrict the disclosure of information that could cause their stakeholders to react negatively (Dang & Owens, 2020; Lu, Huang, & Deng, 2020).

(5) *Stakeholder saliency*: According to stakeholder theory (Mitchell, Agle, & Wood, 1997), the relative power of stakeholder groups indicates the relative importance to organizations of their expectations and demands. In most cases, the most salient stakeholder groups associated with NPOs are donors and public financing institutions (e.g., Lu, 2016). Both groups express similar demands with regard to information disclosure: They seek to know whether their money is being invested efficiently and to what extent their organizations are fulfilling their missions. The saliency of donors and public institutions, measured by the share of private and public financial contributions, respectively, of organizational revenues, has some positive effects on transparency practices (e.g., Nie et al., 2016; Xue & Niu, 2019).

(6) *Social performance*: When NPOs achieve satisfactory results in their activities, their chances of fulfilling expectations are higher, and the risk of adverse reactions to information disclosure are lower. Therefore, organizations with superior social performance are better positioned to communicate about their activities and thus implement transparency (Harris & Neely, 2021; Lu et al., 2020).

Capacity. The implementation of transparency requires capacity; greater organizational capacity, typically measured by *organizational size*, facilitates transparency. Whereas most nonprofit scholars observe a positive and significant effect of size on transparency (e.g., Behn et al., 2010; Harris & Neely, 2021; Saxton & Guo, 2011; Slatten et al., 2016), some find negative or insignificant effects (e.g., Burger & Owens, 2010; Saxton et al., 2012; Zainon, Atan, & Wah, 2014).

Along with size, *organizational visibility* is a capacity that is antecedent to transparency. Public awareness of organizations' actions tends to increase along with visibility, thereby

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strengthening stakeholder scrutiny. Older, larger NPOs, when confronted with robust surveillance and high visibility, have more incentives to practice transparency. In contrast, there is less pressure on young, recently established NPOs (e.g., Gálvez Rodríguez, Caba Pérez, & López Godoy, 2012). Overall, research shows the greater the notoriety of an NPO, the more pressure it has to sustain transparency standards (e.g., McDonnell & Rutherford, 2019; Tremblay-Boire & Prakash, 2015).

Beyond size and visibility, there are three other types of capacity that influence transparency practices: (1) *financial resources*, (2) *technical resources*, and (3) *human resources*. Financial resources refer primarily to financial means, such as total assets, total revenue, or total contributions, high levels of which translate into proportionally cheaper transparency efforts (e.g., Arshad, Abu Bakar, Sakri, & Omar, 2012; Shah, Zainon, Othman, & Sundram, 2016). Technical resources support NPOs in their transparency practices when they are suitable for efficient communication, such as Internet equipment (Hu et al., 2020). Finally, transparency requires some knowledge and support from human resources (i.e., staff). Having staff that is skilled in communication practices (Lee & Blouin, 2019) or in adopting professional transparency norms (Sanzo-Pérez, Rey-Garcia, & Álvarez-González, 2017; Striebing, 2017) supports NPO transparency.

Governance. Governance mechanisms indicate how capacities are operated to set up organizational strategies in general and transparency practices in particular. Thus, governing mechanisms, such as *boards of directors*, *managers*, *third-party monitoring programs*, and *financial management*, have substantial effects in implementing transparency. Researchers have tested hypotheses about the roles of boards of directors in prompting beneficial changes to NPO transparency, according to sizes, levels of activity, backgrounds, efficiency, professionalization, and political connections, because boards have substantial interest in disclosing information about their activities to safeguard their reputations for responsibility

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(Arshad, Abu Baker, Thani, & Omar, 2013; Harris & Neely, 2021; Sillah, Nukpezah, & Kamau, 2020). Larger and more efficient ruling bodies have more opportunities to ensure their organizations are transparent. Moreover, directors' political connections tend to increase NPO transparency, because directors' network ties make organizations more aware of political pressures to demonstrate transparency (Arshad et al., 2013; Sanzo-Pérez et al., 2017; Xue & Niu, 2019).

Furthermore, managers' perceptions affect organizations' responses to changes and problems. Scholars have estimated how managers' perceptions of the importance of information and of their organizations' readiness to adopt transparency encourages or restrains NPOs' progress along the path to transparency (e.g., Bennett, 2017; Dumont, 2013).

Another governance mechanism that influences transparency implementation is voluntary adoption of third-party monitoring programs; such programs are oriented to governance mechanisms that include transparency, such as self-regulatory programs and voluntary audits. Research shows NPOs are more likely to undertake concrete steps toward transparency when complying with third-party requirements (e.g., Carvalho, Rodrigues, & Branco, 2017; Rey-García et al., 2012).

Finally, sound financial management—reflected, for instance, in low ratios of long-term debts to total assets—helps NPOs maintain their independence from creditors and protects them from having to respond to creditors' expectations in terms of proper financial practices. It also decreases their obligations to disclose information. In contrast, when the financial health of NPOs diminishes, stakeholder scrutiny increases and transparency pressures are reinforced (e.g., Behn et al., 2010).

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OUTCOMES OF NPO TRANSPARENCY

Literature describes three groups of outcomes from NPO transparency: (1) *stakeholder attitudes*, (2) *stakeholder behavior*, and (3) *NPO performance* (see Figure 2). Outcome interactions follow a traditional "service-profit chain" (Heskett, Jones, Loveman, Sasser, & Schlesinger, 1994), such that what NPOs do (i.e., transparency) influences what stakeholders think (i.e., their attitudes) and do (i.e., their behavior), and what NPOs get (i.e., performance) (e.g., Sonk & Kim, 2020; Wymer, Becker, & Boenigk, 2020).

STAKEHOLDERS ATTITUDINAL OUTCOMES

We classify all transparency outcomes related to stakeholders' feelings and perceptions as stakeholder attitudinal outcomes—namely (1) trust, (2) legitimacy, and (3) accountability. Literature highlights that when NPOs practice transparency, their stakeholders trust them more and view them as more legitimate and more accountable. We discuss the connections among these three (interconnected) outcomes and transparency.

In our context, trust is "the extent of [stakeholders'] belief that a charity will behave as expected and fulfill its obligations" (Sargeant, Ford, & West, 2006, p. 156). Overall, nonprofit literature describes transparency as an effective trust-enhancing mechanism (e.g., Becker et al., 2020; Blouin, Lee, & Erikson, 2018; Farwell, Shier, & Handy, 2019; Langton & West, 2016). The more transparent stakeholders perceive NPOs to be, the more the stakeholders access information to assess whether their expectations are being met by the NPOs, leading them to have greater feelings of trust in the NPOs (e.g., Farwell et al., 2019; Langton & West, 2016; Omona & Mukuye, 2013; Yang & Northcott, 2019).

Furthermore, the notion of transparency presumes that organizations disclose both positive and negative information about themselves and their activities, thus providing stakeholders with monitoring power and compelling NPOs to improve performance through efficient resource allocation and avoidance of mismanagement practices (Gálvez Rodríguez, Caba Pérez, &

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López Godoy, 2016; Lu et al., 2020; Privett & Erhun, 2011; Rocha Valencia, Queiruga, & González-Benito, 2015). From a stakeholder perspective, improved performance strengthens the legitimacy of NPOs as agents that serve society (Langton & West, 2016; McConville, 2017). Therefore, stakeholders may interpret transparency as a signal of higher standards of organizational activity and develop positive attitudes toward their organizations (Buchheit & Parsons, 2006).

Finally, because transparency is the basis of any accountable relationship (Koppell, 2010), it is one dimension of the broader notion of accountability (Fox, 2007). However, being accountable requires more than transparency: Accountability is a multidimensional concept that includes not only reporting information but also enabling stakeholder participation, evaluating performance, and responding to stakeholder concerns (Ebrahim, 2003; O'Dwyer & Unerman, 2008). By adopting transparency, NPOs reinforce their images of being accountable to stakeholders (McConville, 2017).

STAKEHOLDERS BEHAVIORAL OUTCOMES

Behavioral outcomes exist outside of stakeholders' minds; they are visible to various stakeholders and are measurable, such that they can be closely objectified and monitored. Because being transparent helps convince stakeholders that the NPOs have the capacity to fulfill their missions and that they adopt good governance practices, it leads to more supportive behavior from stakeholders, such as donations of time and money (e.g., Gandía, 2011; Harris et al., 2015; Rossi, Learini, & Landi, 2020) and positive word of mouth (Feng, Du, & Ling, 2017).

NPOS' PERFORMANCE OUTCOMES

The last group of outcomes brings together repercussions that transparency practices have on NPO performance. When organizations open their doors to the outside, they are more motivated to allocate their resources efficiently (Bushman, Petroski, & Smith, 2004) and establish good

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governance practices to prevent unethical activities (Harris, Petrovits, & Yetman, 2017). Therefore, the financial structures of transparent NPOs have been adapted to fit stakeholders' expectations, such as by reducing overhead costs (Lu et al., 2020). Financial structure adaptation not only results in more efficient resource allocation but also fulfills social objectives (Gálvez Rodríguez et al., 2016; López-Arceiz, Torres, & Bellostas, 2019; Privett & Erhun, 2011; Rocha Valencia et al., 2015).

RESEARCH AGENDA: THE WAY FORWARD

Our systematic literature review reveals positive developments in the field of NPO transparency, such as the diversity of its antecedents and increasing attention to its attitudinal outcomes. However, we outline four points of refinement to be considered by future research to enrich understanding of NPO transparency: (1) direction of NPO transparency, (2) distinguishing *actual* from *perceived* transparency, (3) the dark side of NPO transparency, and (4) NPO transparency contingency factors. We develop each research orientation in the following sections and aggregate them to construct the integrative framework in Figure 3.

[Insert Figure 3 here]

RESEARCH ORIENTATION 1: TRANSPARENCY DIRECTION

Transparency may differ in direction, depending on the stakeholders toward which the practice is oriented. Stakeholders, defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984, p. 46), usually are classified into two categories: internal and external (Dicke, Heffner, & Ratliff, 2016; Van Puyvelde et al., 2012). Internal stakeholders—such as boards of directors, managers, employees, and volunteers—interact with the inner parts of NPOs. External stakeholders instead represent three broadly defined groups: (1) resource providers and regulators, (2) beneficiaries, and (3) collaborative and competitive organizations. Depending on the relative positions of targeted

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stakeholder audiences (Heald, 2006), transparency implementation can take four directions—*inward*, *upward*, *downward*, or *outward*. Directions can be aggregated at the higher level of analysis of internal and external transparency. Overall, in nonprofit contexts (Hu et al., 2020), directions of transparency can be described as (see Figure 4):

(1) Internal (*inward*) when transparency occurs within the NPO and between distinct constitutive parts of the organization.

(2) External and:

   a. *upward* when transparency is oriented from the NPO toward its resource providers and regulators responsible for its legal certification,

   b. *downward* when transparency is oriented from the NPO toward beneficiaries that use the NPO's services, or

   c. *outward* when transparency is oriented (or limited) from the NPO toward its collaborative (or competitive) organizations and peers that cooperate (or compete) in programs and projects.

[Insert Figure 4 here]

It is important to examine the direction of transparency, because its antecedents and outcomes differ according to type of stakeholder (e.g., Hu et al., 2020). Thus, scholars need to identify such directions when they consider antecedents and outcomes of transparency.

In the 76 articles we selected for systematic review, authors show most interest in external transparency; however, they often ignore the differences between particular groups of stakeholders in favor of analyzing transparency from the organization towards society in general (e.g., Calabrese, 2011; Hale, 2013; Vaccaro & Madsen, 2009). Although 99% of articles analyze external transparency, only 35% address specific orientations of transparency (the rest addresses transparency towards society in general), with 30% dealing with upward

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transparency, in terms of understanding the outcomes of transparency with regard to donor behavior. That is, studies focus primarily on external transparency and, in particular, on upward transparency (Research Orientation 1, Figure 3). Nevertheless, downward, outward, and inward forms of transparency are no less critical for NPO governance and thus deserve scholars' attention.

RESEARCH ORIENTATION 2: DISTINGUISHING ACTUAL FROM PERCEIVED TRANSPARENCY

Two organizations with the same level of actual transparency may be perceived differently by two different people, creating a distinction between their *actual* transparency and the *perceived* transparency of each organization. This distinction between two levels of analysis—implementation and perception—implies that moderating effects are relevant for understanding the difference between actual versus perceived transparency and that NPOs may confront four different situations, depending on the level (low vs. high) of NPO experience with actual versus perceived transparency. In developing a distinction between actual and perceived transparency, our study opens doors to research that might deepen knowledge of individual reactions to the disclosure practices of NPOs.

RESEARCH ORIENTATION 2.1: MODERATING EFFECTS

The relationship between actual and perceived transparency is likely to be moderated by (1) *sociodemographic profiles*, (2) *psychographic factors*, and (3) *relationships with the organization* (Research Orientation 2.1, Figure 3). In addition to recognizing individual heterogeneity, the consideration of moderating effects implies that one level of actual transparency can generate various levels of perceived transparency and thus attitudinal and behavioral outcomes (Bekkers & Wiepking, 2011; Sargeant et al., 2006). In communication processes, it is perceptions of facts and practices, more than the facts and practices themselves that influence stakeholders' decisions and behaviors (e.g., Filieri & McLeay, 2014; Porumbescu, Lindeman, Ceka, & Cucciniello, 2017).

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Along with demographics, scholars suggest that psychographic factors—that is, long-lasting and stable dispositions—guide consumers' beliefs or behaviors (Katz, 1960; Wells, 1975). We suggest the personality trait of skepticism moderates the link between actual and perceived transparency. Considering that skepticism refers to "a person's tendency to doubt, disbelieve, and question" (Skarmeas & Leonidou, 2013, p. 1832), it follows that skeptical NPO stakeholders doubt the trustworthiness of information more than less skeptical stakeholders and thus question NPOs' honest intentions to be transparent. The moderating effect of skepticism with regard to organizational communication already has been demonstrated, such as in advertisements (Obermiller, Spangenberg, & MacLachlan, 2005; Webb & Mohr, 1998) and CSR perceptions (Ramasamy, Singh, Amran, & Nejati, 2020; Skarmeas & Leonidou, 2013). Unlike traditional marketing and governance literature, however, nonprofit literature rarely investigates NPO transparency along with stakeholders' psychological factors, such as values, interests, lifestyle, and opinions.

Moreover, depending on their past relationships with their organizations, stakeholders may be in better (or worse) positions to assess the achievements of their NPOs, independent of the level of genuine transparency. Research shows that stakeholders' closeness and reciprocity facilitates transparency perceptions in other organizational settings—by reinforcing the possibility of observing the insides of organizations (Dapko, 2012; Gössling, 2004; Knoben & Oerlemans, 2006)—but this effect has not been investigated in nonprofit literature.

Overall, people' sociodemographic profiles, psychographic factors, and relationships to NPOs explain why people may have different perceptions of the degree of transparency of the same NPO. It thus is important to distinguish both levels of analysis—transparency implementation and transparency perception—to recognize heterogeneity in people's transparency perceptions.

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RESEARCH ORIENTATION 2.2: TRANSPARENCY SITUATIONS

The distinction between actual and perceived transparency (Research Orientation 2.2, Figure 3) implies that NPOs may confront four different situations, as illustrated by Figure 5.

[Insert Figure 5 here]

In Quadrant 1 (i.e., full transparency) and Quadrant 2 (i.e., absence of transparency), transparency situations for NPOs are clear and straightforward. In the first case, transparency practices implemented by NPOs are perceived as such by stakeholders, whereas in the second case, the absence of any transparency practices is acknowledged by stakeholders.

Quadrant 3 relates to situations in which NPOs experience backfire, or boomerang, effects resulting from their transparency implementations. For-profit literature documents such backfire effects of communication strategies, specifically with regard to companies that have poor reputations (e.g., Bhattacharya & Sen, 2004; Yoon et al., 2006); however, except some studies (e.g., Waldner, Willems, Ehmann, & Gies, 2020) the effect remains unexplored in nonprofit studies.

Quadrant 4 captures a situation that could be characterized as "transparency washing." Similar to "greenwashing"—that is, firms making false claim about their environmental practices and impacts to intentionally mislead or deceive consumers (Nyilasy, Gangadharbatla, & Paladino, 2014)—transparency washing refers to dishonest or fake transparency practices. The latter relates to a situation in which an organization plays a fake "transparency card" for the sole purpose of pretending to respond to stakeholder's demands and gain legitimacy, without bearing the risks and costs of being transparent. Transparency washing also describes various dishonest communication methods, such as strategic disclosure of honorable practices to create opacity with regard to questionable practices (Birchall, 2011; Ringel, 2019; Stohl, Stohl, & Leonardi, 2016), the disclosure of merely nominal or unreliable information to generate a

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transparency façade (Cho, Laine, Roberts, & Rodrigue, 2015; Fox, 2007) or the intentional manipulation of information on fundraising expenses with the purpose to attract more donations (Krishnan et al., 2006). About this last manifestation of transparency washing, Yetman and Yetman (2013) have nonetheless demonstrated that donors discount program ratio deemed unreliable, making this transparency washing practice ineffective. When exploring antecedents and outcomes, nonprofit literature rarely questions the ethical and honesty features of transparency. Although NPOs are recognized as emblematic cases of ethics, scholars should explore the ethical aspects of transparency to determine whether NPOs' integrity positions are solid or in need of reinforcement (Weidenbaum, 2009).

Because of the distinction between actual and perceived transparency and the role of some moderating factors, it seems reasonable to consider the four transparency situations. However, nonprofit literature rarely investigates how these various situations interfere with transparency outcomes. In the cases of Quadrants 3 and 4, some further investigation is necessary to document such situations.

Research orientation 3: The dark side of transparency

Generally, authors have portrayed NPO transparency as a beneficial and necessary governance mechanism; few studies of nonprofits have considered its undesirable outcomes. However, outside of the literature we consider in our systematic review, studies increasingly are challenging the myth that "more transparency is always better," suggesting there is a curvilinear relation between transparency and positive transparency outcomes (Christensen & Cheney, 2015).

On the dark side of transparency (Research Orientation 3, Figure 3), authors highlight that even when NPOs make efforts to improve transparency, they may not observe any positive or tangible results (e.g., Heald, 2006; Parsons, 2019). Other negative consequences of transparency include its demand for costly administrative and bureaucratic tasks (e.g., Di

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Maggio & Pagano, 2018), its threat to privacy rights and exposure of vulnerable individuals or groups under intense surveillance (Birchall, 2014; Solove, 2009), and its potentially harmful effect on trust as the result of information receivers' perceptions (Brunner & Ostermaier, 2019; Grimmelikhuijsen, 2012; Haesevoets et al., 2021). Overall, though a few scholars shed some light on the dark side of NPO transparency (e.g., Vaccaro & Madsen, 2009), little attention centers on identifying the optimal level of transparency within the nonprofit setting.

RESEARCH ORIENTATION 4: TRANSPARENCY CONTINGENCY FACTORS

Contingency factors such as a reputational crisis following the revelation of unethical practices are significant when building communication strategies. However, except for a few studies (e.g., Harris, Petrovits, & Yetman, 2018; Willems & Faulk, 2019), nonprofit literature rarely considers the timing of disclosure in transparency practices. The context in which organizations consider transparency and disclosure practices matter, because both antecedents and outcomes may differ. Variously motivated, transparent communication as a response to a scandal—discovered or not yet discovered—differs in content, consequences for organizational reputation, and information receivers' responses (e.g., Coombs, 2007; Coombs & Holladay, 2009; Wigley, 2011), suggesting that timing may be a pertinent contingency factor (Research Orientation 4, Figure 3).

Although fraud damages the image and reputation of any type of organization, it is particularly deleterious to NPOs because of the higher ethical standards they are expected to follow (Sisco, 2012). Breaches of trust endanger NPOs in such a way that they risk losing their legitimacy as servants of society (Jeavons, 2016) and even may face their demise (Hager & Searing, 2015; McDonnell & Rutherford, 2019). Also, because of the negative spillover effect (Ortmann & Schlesinger, 2003), mismanagement of one specific NPO threatens the viability of NPOs as a whole (Archambeault & Webber, 2018; Ko, 2012). Therefore, timing matters in the investigation of nonprofit strategic communications; it is important for understanding NPOs'

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crisis management and their use of transparency as a strategic tool for apologizing, repairing images, safeguarding legitimacy, and avoiding the damaging consequences of scandals, at individual and collective levels.

DISCUSSION AND CONCLUSIONS

In this article, we seek to delineate the set of factors that characterize transparency in NPOs and to identify suitable future research orientations to fill current research gaps. In this regard, we review 76 articles to develop an integrative NPO transparency framework (Figure 2), grouping environmental and organizational transparency antecedents on one side, then stakeholders' attitudinal outcomes, stakeholders' behavioral outcomes, and NPOs' performance transparency outcomes on the other side. A critical analysis of this framework further suggests four research orientations that could guide future NPO transparency studies: (1) direction of NPO transparency, (2) distinguishing *actual* from *perceived* transparency, (3) the dark side of NPO transparency, and (4) NPO transparency contingency factors.

The academic contributions of this study relate to understanding the actions and reactions that characterize the implementation of transparency in NPOs, proposing an integrative framework, and offering enlightened recommendations for further research. The study's framework and research agenda provide a template for academics to advance transparency theory and empirically test the antecedents and outcomes of the construct. Consideration of these research orientations should encourage scholars to add nuanced knowledge of efficient and ethical transparency and achieve key findings with regard to why, when, and how transparency works.

The study also contributes to NPO management practices by providing a framework to guide managers' reflections and actions with regard to transparency behavior. The results of our systematic review can help NPO managers by raising their awareness of the research trends in their sector over the past two decades. Our article also contributes to managers' proficiency

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with regard to the practices NPOs have been implementing to maintain their trustworthiness, in increasingly competitive fundraising markets.

Both our integrative framework and our research agenda should be considered in light of several limitations. First, we make no distinction between reviewed articles according to their focus on particular information content. Sometimes, scholars concentrate on particular types of content, such as finance information (e.g., Cordery, 2013; Sillah et al., 2020) or efficiency information (e.g., Dougherty, 2019; Lee & Joseph, 2013). Although our objective of being exhaustive supports this decision for our study, future researchers could focus on antecedents and outcomes of specific transparency contents. Second, a limitation stems from our selection of not only the keywords or domains of study (potentially there are others) but also the strict filters we applied. Reviews, theses, dissertations, conference minutes, and other scientific events fell beyond the scope of our review, but they could be included to expand results. Overall, despite some limitations, this study of the theoretical and empirical developments of NPO transparency provides a strong foundation for addressing NPO communications challenges.

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FIGURES

Figure 1: Flow diagram

Figure 2: Integrative framework of NPO transparency

Figure 3: Research agenda

Figure 4: Transparency directions and stakeholders positions

Figure 5: Transparency situations

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FIGURE 1: FLOW DIAGRAM

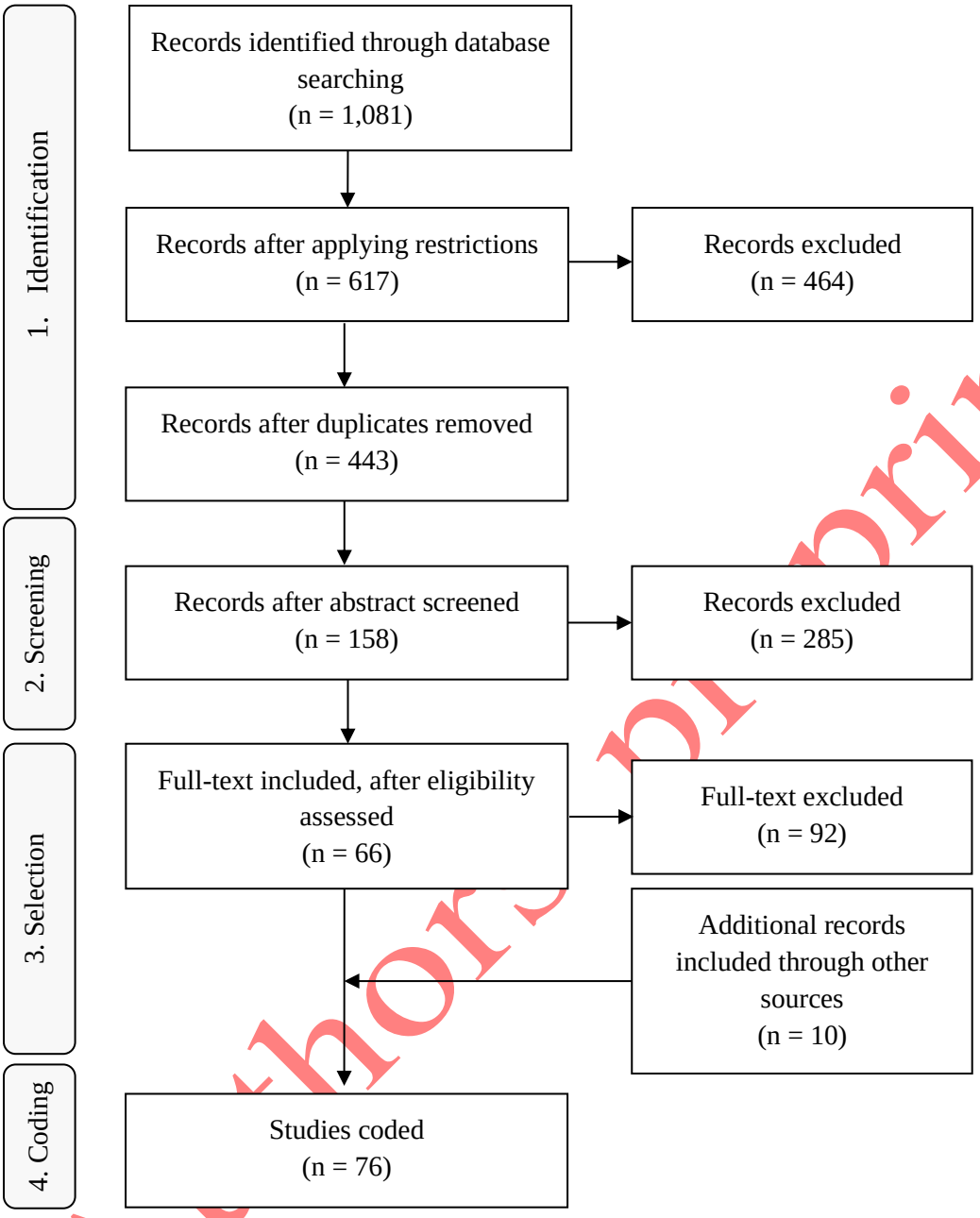

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FIGURE 2: INTEGRATIVE FRAMEWORK OF NPO TRANSPARENCY

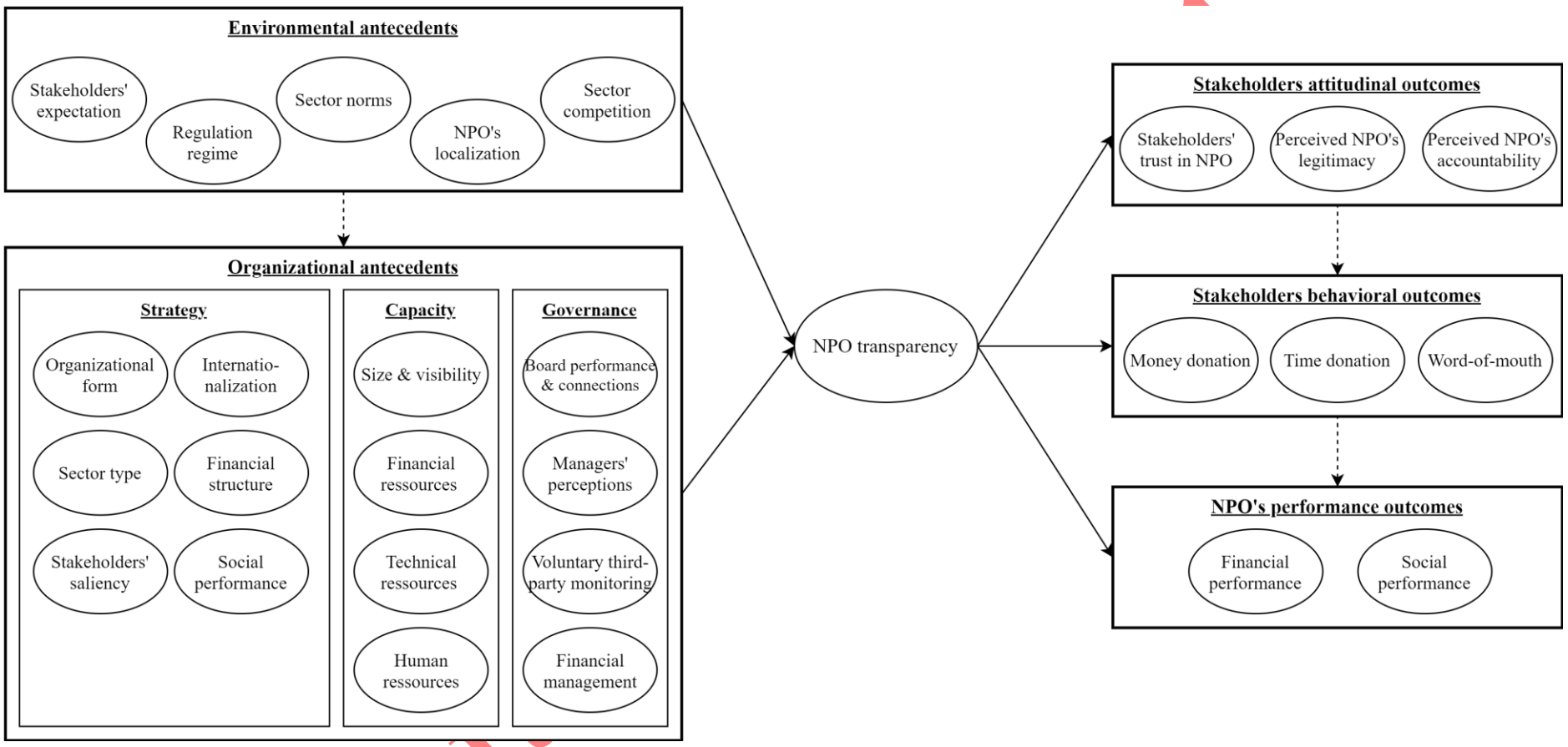

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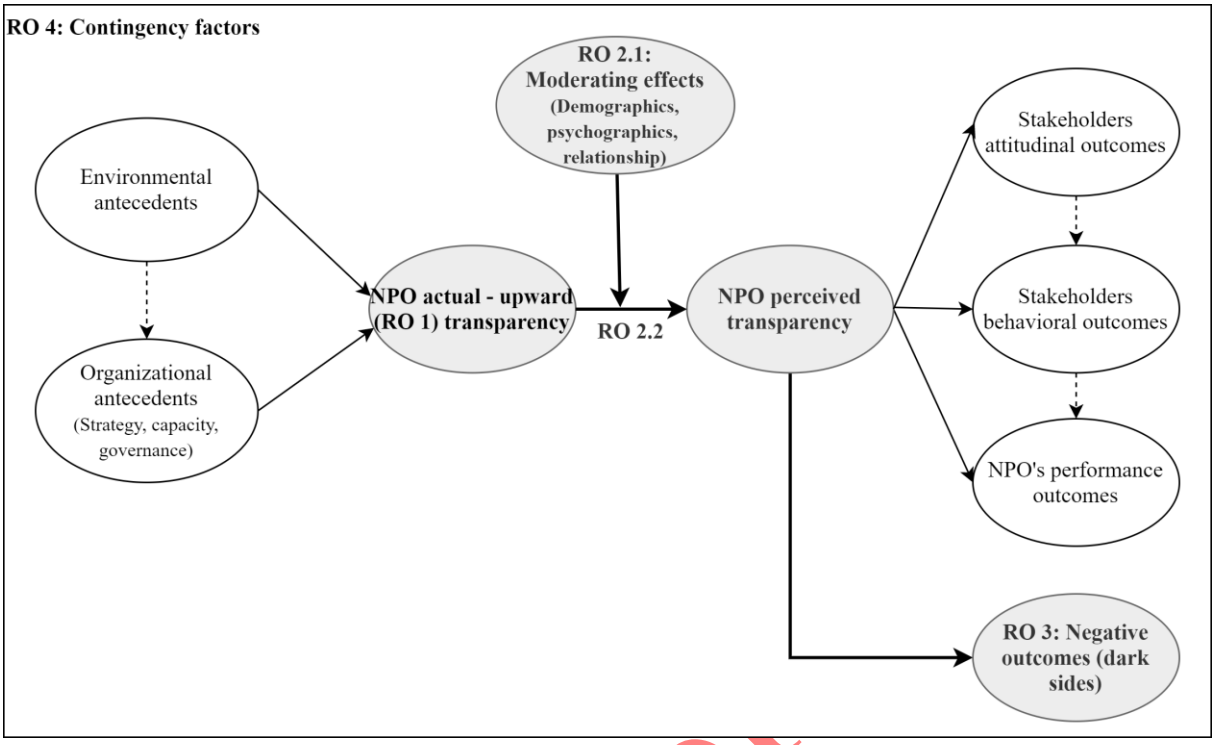
FIGURE 3: RESEARCH AGENDA



Note. RO: research orientation; research orientations are in grey and bold.

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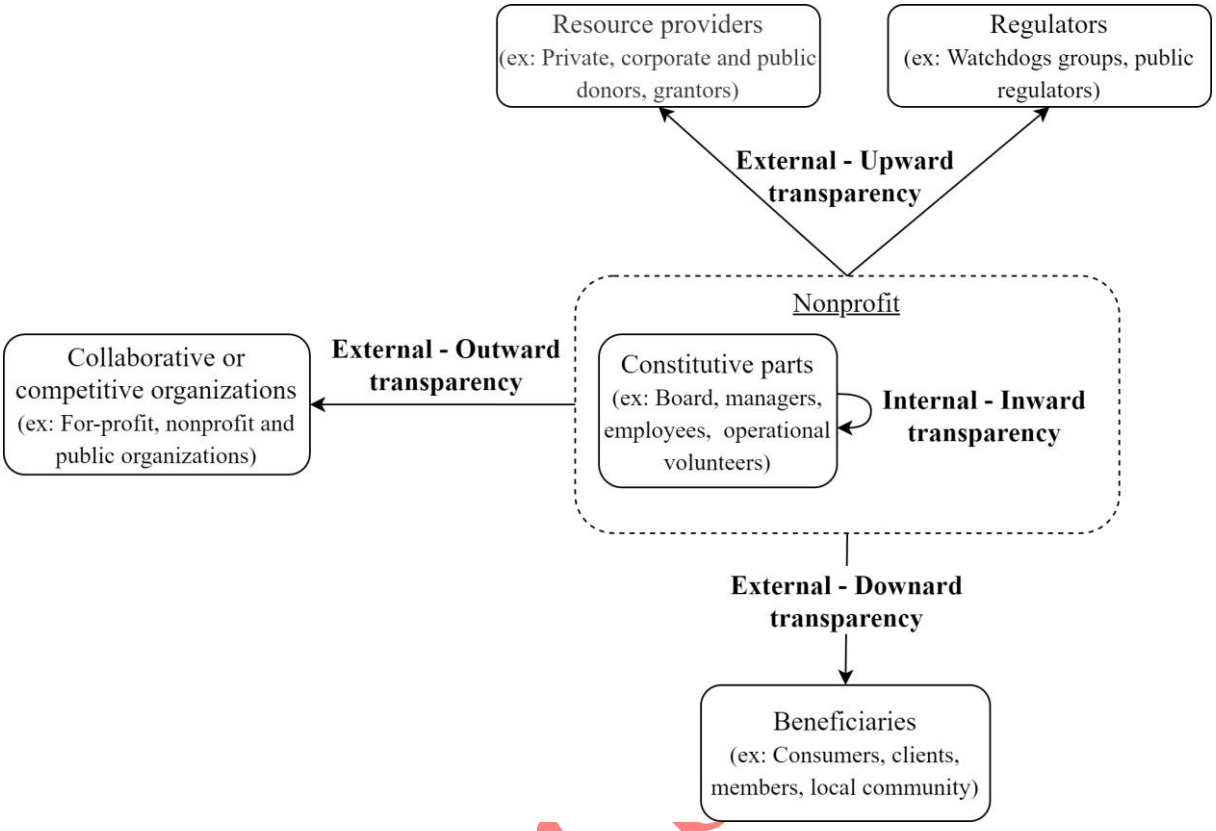
FIGURE 4: TRANSPARENCY DIRECTIONS AND STAKEHOLDERS POSITIONS



Note. Adapted from Heald (2006) and Van Puyvelde et al. (2012).

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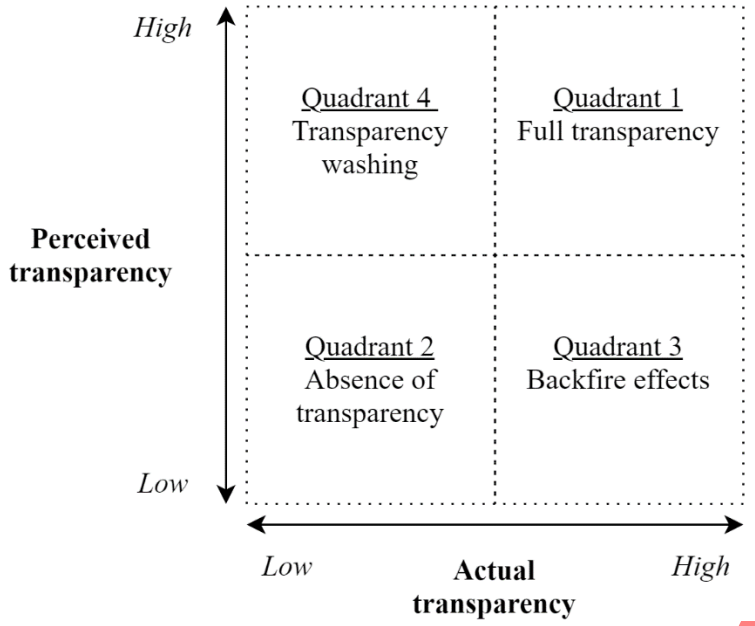
FIGURE 5: TRANSPARENCY SITUATIONS



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