

Transparency of Grassroots Human Service

Organizations in China:

Does Transparency Affect Donation and Grants?

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Grassroots human service organizations in China are experiencing fast development yet facing inadequate public trust. In this study, we analyze Chinese grassroots organizations' level of transparency with respect to four aspects: basic information, governance, finance, and activity transparency. We examine factors that may influence transparency and test the effects of transparency on organizations' donation and grant income. Our findings suggest that Chinese grassroots human service organizations had low transparency in 2012 overall. Organizations' donation income is positively related to their transparency, especially financial transparency. Grassroots organizations need to improve their transparency to build credibility and attract donation.

Keywords: grassroots organization, nonprofit, China, transparency, information disclosure.

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Introduction

Development of Grassroots Organizations in China

Before 1978, human services in China were mainly provided by government-affiliated institutions, such as child welfare agencies, nursing homes, public schools, and hospitals that were government funded. These institutions had been receiving stable government funding and compensating their staff at the same level as civil servants. This had led to these institutions' over-staffing, poor accountability, and low efficiency (Huang, 1998). To reduce governments' financial burden and improve program efficiency, the Chinese central government began to encourage the public to participate in providing social welfare services in the 1980s. Since then, China's grassroots human service organizations have been developing gradually. The 1995 Beijing NGO Forum at the World Conference on Women inspired the establishment of many grassroots human service NGOs that work on issues such as women and children services, services for people with disabilities, elderly services, HIV/AIDS advocacy, migrant workers' rights, environmental protection, and poverty relief (Deng, 2013).

NGOs are divided into two types in China: one is government-operated, top-down NGO, also known as GONGO; the other is private-operated, bottom-up NGO, also known as grassroots NGO (Huang, Deng, Wang, & Edwards, 2013). Grassroots NGOs in China have the common characteristics of NGOs in other countries: organized, private, autonomous, voluntary, and non-profit (Salamon, Anheier, List, Toepler, & Sokolowski, 1999; Zhu, 2013). Government-operated GONGOs, on the other hand, do not have common features of nonprofit organizations. In this paper, we focus on *grassroots human service organization*,

which we define as nonprofit organizations that are established and managed by individuals, rather than government agencies. Services provided by these organizations are related to human society's issues broadly, which include people with disabilities, children, the elderly, poverty, disaster relief, environmental protection, health, education, support and research, community services, and cultures.

Challenges of Grassroots Organizations in China

The 2008 Wenchuan earthquake triggered an upsurge of charitable donation, which helped the Chinese society recognize NGOs' and volunteers' significant role in disaster relief. Thus, the year of 2008 is also called the "Year of Volunteer", or the "Year of Civil Society" (Shieh & Deng, 2011). While Chinese NGOs were thriving, a series of scandals in 2011 significantly impacted the nonprofit sector's credibility and public trust. Examples of these scandals included the Meimei Guo incident and the Soong Ching Ling Foundation real estate incident (details of these incidents can be found in Xu, 2013). This credibility crisis impacted both grassroots organizations and GONGOs. Public critique on nonprofit transparency has not only affected the credibility and donation of these organizations themselves, but also generated a negative environment for China's civil society.

The China Charity Information Center's survey shows that only 8% of respondents were satisfied or fine with Chinese NGOs' level of transparency, whereas 92% were dissatisfied with or very disappointed at NGOs' transparency (Peng, 2014). In 2011, the total amount of charitable donations in China was USD\$13.63 billion, which was a USD\$3.02 billion decrease from 2010 (Meng, Peng, & Liu, 2012, p. 79). The amount continued to decline in 2012. With a total amount of USD\$13.18 billion, it was 450 million less than 2011

(Peng & Liu, 2013, p. 16). Charitable donation in China was not turned around until 2013, when the amount of donation reached USD\$15.95 billion. This amount, however, was still lower than the USD\$16.65 billion in 2010, and the USD\$17.26 billion in 2008.

In this case, what is the current status of Chinese grassroots human service organizations' transparency? What are the factors that influence these organizations' level of transparency? Is there a relationship between organizations' transparency and their donation and grant income? These are the research questions of this study. The purpose of this paper is to examine the transparency level of grassroots human service organizations in China, and to investigate the relationship between transparency and donation and grant income in China.

Transparency of Grassroots Organizations

Transparency of the grassroots human services organization (hereafter the grassroots organization) incorporates the disclosure of both financial information and information related to the functioning of the grassroots organization. In general, there are no specific laws that mandate the grassroots organizations' overall transparency, which usually is implemented voluntarily (Rodriguez, Perez, & Godoy, 2012).

Since the 1990s, the grassroots organizations in the United States are mandated to make copies of their tax-exempt status applications and the three most recent tax returns available for whoever requests the information (Behn et al., 2010; Internal Revenue Service, 2014). In addition to financial information, detailed organizational information disclosure has been a hallmark of leading charities in the United States for many years. By publishing annual reports and other materials that are accessible to the public and existing as well as potential donors, these

organizations voluntarily disclose information on mission statements, program goals, future plans, financial balance sheets and so forth (Bothwell, 2000).

Over recent decades, the low cost and high accessibility of the Internet makes it a powerful tool of the grassroots organizations' information disclosure. By interacting with product and service users in a more cost-effective way through the Internet, the organizations are more responsive to the public's needs and more aware of improving their transparency (McIvor, McHugh, & Cadden, 2002; Rodriguez et al., 2012).

Nonetheless, the use of the Internet in improving transparency is increasing yet still limited (Rodriguez et al., 2012). For instance, in a study of 123 grassroots organizations in Spain, Rodriguez and colleagues (2012) found that the score of online transparency, which was defined as disseminating information through webpages, was 30.03 points on average (on a 0-100 scale). The relatively low levels of online transparency suggested an under-utilization of Internet in information disclosure. In addition, most information disclosed on these organizations' webpages were activities-related (52.24%), while financial information (23.43%) and organizational information (14.42%) were insufficient. Likewise, Zainon and colleagues examined transparency of 65 grassroots organizations in Malaysia and found that their mean transparency score was 23.98 points, with a standard deviation of 6.6 points, which suggested a relatively low transparency with high variation (Zainon, Atan, Wah, & Ahmad, 2012).

As a nation with a fast developing nonprofit sector that emerged two decades ago, China currently lacks laws and regulations on grassroots organizations' transparency. Inadequate transparency and credibility has

become the major challenge facing grassroots organizations in China (Deng, 2013). A series of recent scandals have revolved around inadequate transparency, which raises the public's concern that donations might be used for the organizations' own financial profit (Deng, 2010a).

Recently, transparency has become an essential approach for grassroots organizations to attract donations, achieve market differentiation, and boost public trust (Murtaza, 2011; Rodriguez et al., 2012; Zhuang, Saxton, & Wu, 2014). Transparency is also an approach to organizations' self-regulation, as information disclosure effectively involves the broad stakeholders in evaluating the organization's performance. These stakeholders may include junior staff, clients, peer organizations, funders, potential donors, media, government, and the general public (Bothwell, 2000). In addition, transparency improves grassroots organizations' governance and accountability (Zhuang et al., 2014). Many donors or grant-makers of grassroots organizations are not direct consumers of their products or services, and therefore unable to directly evaluate the quality of these organizations' output. Transparency mitigates the information asymmetries between the principal and the agent (Gonedes, 1978; Rodriguez et al., 2012). In short, transparency improves grassroots organizations' effectiveness and efficiency and enhances their accountability to all stakeholders (Murtaza, 2011).

Factors of Transparency

Grassroots organizations' transparency is influenced by organizational attributes, such as organizational age and legitimacy of the organization. In a study of 123 nonprofit organizations in Spain, Rodriguez and colleagues (2012) found that each additional year since the organization's establishment was associated with two points higher activity transparency. Organizational

age was significantly positively related to higher activity transparency, which might be because that older organizations were more aware of keeping their reputation through increasing transparency. In Zainon and her colleagues' study of Malaysian nonprofit organizations, they found that organizational size and financial performance were significantly positively associated with their levels of transparency. Organizational age, however, was insignificant in explaining transparency in their study (Zainon et al., 2012).

Additionally, legal form can be an important predictor of transparency, since the choice of legal form affects the internal controls that the organization has to follow (Marcuello & Salas, 2000; Rodriguez et al., 2012). Variance in the level of dependence on the public sector and decision-making process in governance may lead to different levels of transparency. For instance, between the two legal forms of nonprofit organizations (*associations* and *foundations*) in Spain, foundations were more aware of demonstrating their legitimacy through increasing transparency than associations (Rodriguez et al., 2012).

Effects of Transparency on Donation/Grant Income

Higher transparency also brings in more donations and grants. A theoretical model estimated by Zhuang, Saxton, and Wu (2014) shows that the amount of donors' charitable contributions is positively related to the amount of nonprofit organizations' *value-relevant disclosure*, which includes *fundraising disclosure* (e.g. names of existing donors, donations received) and *performance-related disclosure* (e.g. mission statement, vision, and program outputs). Since the 1990s, the intensified donation-market competition makes donors and grant-makers focus more on accountability, results, and return on their investment, with the hope of maximizing the impact of

their donation (Saxton & Guo, 2011; Zhuang et al., 2014). High transparency makes existing and potential donors know about the organization and the activities it performs, and therefore more confident in making donations (Lin, 2009; Marcuello & Salas, 2000). In a study of 37 nonprofit organizations in Taiwan, Lin (2009) used a scale, ranging from 0-100, to measure levels of transparency with respect to three aspects: basic information disclosure, finance and operation information disclosure, and governance information disclosure. His study shows that nonprofit organizations' transparency is significantly positively related to their donation income. Every one point increase in transparency was associated with TWD\$4.46 million (approximately USD\$143,000) increase in donation income. Lin's study (2009) found that government grant income was positively related to nonprofit organizations' donation income. Yet, few studies discuss the effects of transparency on grassroots organizations' government grant income.

An increasing number of grassroots organizations in China began to disclose their information in recent years. Many numbers and materials have been made publicly accessible, but there is a lack of systematic analysis of this data. In this innovative study, we employed the first objective transparency measure that was specifically for the grassroots organizations in China to make full use of the information disclosed and conduct national-wide comparisons. While most studies (Behn, DeVries, & Lin, 2010; Parsons, 2007; Yetman, M. & Yetman, R., 2013) use financial information disclosure as the sole indicator of grassroots organizations' transparency, our transparency measure also included non-financial criteria. Our empirical study also contributes to the literatures that discuss the role of transparency in fundraising, which is particularly of

importance in the current economic environment and competitive donation market.

Methodology

Data

Our data came from the 2013 Survey of Transparency on Grassroots Organizations in China. The survey was initiated by the Union of Self-Disciplinary Organizations (USDO) of China, which composed more than 100 grassroots organizations, with a goal of improving the self-regulation of grassroots organizations in China. The USDO teamed up with the China Development Brief, the One Foundation, and the Narada Foundation to design and implement the Survey. First, they compiled a NGO name list. The name list documented a total of 2,300 NGOs that were active in philanthropy and known to the public to certain extent in 2013. Due to time delay in producing annual reports and financial information disclosures, the survey only included grassroots organizations established before June 1st, 2011. Among these organizations, 1,048 were private-operated, bottom-up NGOs that were working for the public benefit. After excluding organizations that were already terminated (48) and organizations that work for animal rights (179), our final sample size is 821 grassroots human service organizations that actively operated in mainland China in 2012.

Measures

Grassroots Organizations' Transparency Index (GTI) is an index that assesses the transparency of grassroots organizations in China. It was collaboratively designed by the Center for Innovation and Social Responsibility and the Center for Anti-corruption and Governance of Tsinghua University, delegated by the USDO. Ranging from 0 to 100, the GTI score is composed of four sub-indices, which are measured by 58 items. The sub-indices include disclo-

sure of the organization's *basic information* (19% of final score), *governance* (28%), *finance* (30%), and *activities* (23%). An expert committee distributed the weights to each sub-index based on their respective importance to the credibility of the organization. For example, a relatively higher weight was attributed to financial information disclosure, 30%, than basic information disclosure, 19%. Each sub-index was measured by multiple items. For example, financial transparency was measured by 16 items, such as total assets, total income, total expenditure, management costs, and balance sheet. The accessibility, timeliness, and completeness of information disclosure were also given an index weight in calculation (Union of Self-Disciplinary Organizations, n.d.). The GTI measures the degree to which the organization discloses its key information to the public, namely, the degree of transparency. A higher score indicates a higher level of transparency.

Program area of grassroots organizations was divided into the following nine categories: people with disabilities, children and elderly, poverty and disaster relief, environment protection, health, education, community service, support and research, and other.

Type of registration included six categories, which were business entity, private non-enterprise unit, social organization, unregistered, other, and missing. The type of *business entity* refers to a nonprofit organization that is registered as a business with the China State Administration for Industry and Commerce. *Private non-enterprise unit* is a non-membership-based nonprofit organization, such as private nonprofit social welfare agencies. *Social organization* is membership-based nonprofit organizations, such as professional associations.

Location of the organizations included four categories: metropolitan

cities (Beijing, Shanghai, Guangdong, and Shenzhen), East, Middle, and West regions. China's economic development started with metropolitan cities and coastal (east) provinces, and then gradually moved to the middle, and then west provinces. Based on China's regional economic difference, we used these four categories to examine the location differences in grassroots organizations.

Organizational age was calculated by subtracting the time point of establishment from the time point of survey (June 2013).

Donation income refers to grassroots organizations' revenues that come from individuals or groups (Ministry of Finance of the People's Republic of China, 2004, p. 28). In this study, we used the amount of donation the grassroots organization received in 2012 to measure the level of support that the organization received from donation.

Grant income refers to grassroots organizations' revenues that come from governments' appropriation or subsidy (Ministry of Finance of the People's Republic of China, 2004, p. 28). In this study, we used the amount of grants the grassroots organization received in 2012 to measure the level of support that the organization received from the government.

Analytic Approach

The analysis starts with descriptive statistics to examine the distribution of main variables. The bivariate association between characteristics of the organization and dependent variables, including transparency, donation, and grant incomes, were conducted. This is followed by regression analysis of dependent variables. The GTI and four sub-indices were assumed to be influenced by program area, type of registration, location, and organizational age. The model specification can be represented by the following equation:

$$T = X_1 \beta_1 + \varepsilon,$$

where T is the GTI or sub-index score of the organization, X_1 represents program area, type of registration, location, and organizational age, β_1 represents the estimated coefficients, and ε is the error term. The ordinary least square regressions were used to assess the effects of the independent variables on the transparency score of the organization. Likewise, donation and grant incomes were assumed to be influenced by transparency and characteristics of organization, and can be represented by the following equation:

$$I = T_2 \beta_2 + X_1 \beta_1 + \varepsilon,$$

where I is the donation or grant income, and the other symbols are exactly same as the ones specified in the above equation. The ordinary least square regressions were used to assess the effects of transparency and other characteristics on donation and grant incomes.

Results

Table 1 presents descriptive statistics of main variables for the sample of 821 grassroots organizations. Overall, the mean of GTI was 29.1 out of 100 in 2012, indicating low transparency of grassroots organization in China. Grassroots organizations relatively perform well on transparency of their basic information, with a mean of 13.0 out of 19, less transparent on governance, 7.1 out of 28, and activities, 6.2 out of 23, and worst on financial transparency, 2.8 out of 30.

With respect to program areas of the grassroots organizations, 20% of the organizations work for people with disabilities. This is followed by education (15.1%), community service (13.5%), environment (12.1%), poverty and disaster relief (10.6%), health (6.6%), children and elderly services (6.6%), and support and research (4.8%). The other organizations, which include labor protection, culture, art, sport, gender equality, social innova-

tion, and social enterprise, occupied 10.8%. For type of registration, about 36.1% of the organizations are private non-enterprise units, 14.5% are social organizations, and 6.8% are business entities. About 15.5% of the organizations reported that they were not registered. It is worthy to note that over one quarter of the sample, 26.6%, did not answer this question. Given the importance of the type of registration in China, we decided to keep the sample in the analysis, and label them as missing in type of registration.

Almost half of the organizations, 46%, were located in metropolitan cities, followed by west (21.8%), east (17.1%), and middle (15.1) regions. Most of the organizations had been established for 5-10 years (45.1%). About one-third of the organizations were relatively new, less than 5 years, while one-fifth of the organizations had been established for more than 10 years.

Finally, 94 organizations reported their incomes from donation and government grants. The mean of donation was RMB\$ 1,653 thousand, with a standard deviation of 5,615 thousand. The respective numbers for government grants were 276 and 1,197. The large standard deviations in both donation and grants signify huge differences in income sources in the grassroots organizations.

Table 1 in about here

The bivariate associations between the transparency and the characteristics of the organization are listed in Table 2. The GTI scores were significantly different by program area of organization and type of registration. Organizations working for people with disabilities had the highest GTI, 33.5. Organizations in health (31.1), community service (30.8), environment (29.8), and education (29.6) areas were above the mean (29.1) as well. On the other hand, grassroots organizations in pov-

erty and disaster relief (26.2), children and elderly (25.2), support and research (24.7), and other (23.1) areas have low GTI. The grassroots organizations registered as social organizations (35.7), private non-enterprise units (35.0), and business entities (34.1) reported high GTI. Unregistered grassroots organizations also have a high transparency, 31.0. For organizations that did not answer their type of registration, in contrast, their average GTI (15.1) was significantly lower than others. There is no significant difference in GTI for location and organizational age.

Table 2 also presents the difference in four sub-indices by the characteristics of the organizations. Consistent with the findings on GTI, people with disabilities, community service, environment, and education grassroots organizations reported higher scores in the sub-indices than others. Social organizations, private non-enterprise unit, and business entities reported higher scores on basic information and governance transparency than unregistered and other organizations. It is worthy to note that unregistered organizations had the highest score on activity transparency (9.7), but reported much lower financial transparency (1.4) than other grassroots organizations. In addition, the grassroots organizations in metropolitan cities had relatively higher transparency (6.7) on their activities than other organizations ($p < .10$).

Table 2 in about here

The bivariate differences of donation and grant by characteristics of the organizations are presented in Table 3. With respect to donation income, there is no significant difference among organizations with different characteristics. However, large point differences were observed in certain organizations. For example, health organizations received the highest dona-

tion, RMB\$6,975 thousand in 2012, among all organizations, but the standard deviation of donation in health organizations was RMB\$16,129 thousand. In contrast, community service organizations had a donation income of RMB\$404 thousand, with a standard deviation of RMB\$408 thousand.

Income from government grants was significantly different by program area, location, and organizational age. Community service organizations received the highest government grants, RMB1,497 thousand, which is followed by organizations working for people with disabilities (RMB\$132 thousand), and education (RMB\$53 thousand). The rest of the organizations received less than RMB\$10 thousand. The grassroots organizations located in the middle region of China reported significantly higher government grants, RMB\$1,421 thousand, than the organizations in other locations. Organizations established for 5 and 10 years also reported relatively higher grant incomes, RMB\$577 thousand, than organizations established for less than 5 years or more than 10 years.

Table 3 in about here

Table 4 presents regression estimates of characteristics of the grassroots organizations on GTI and sub-indices. For the GTI score, organizations for people with disabilities reported significantly higher GTI (4.7 points), while education organizations have marginally higher GTI (4.1 points), than organizations focused on poverty and disaster relief. Grassroots organizations' type of registration matters as well. Respectively, business entities, private non-enterprise units, and social organizations had 4.53 points, 4.49 points, and 5.97 points significantly higher GTI than unregistered organizations; organizations that did not report their type of registration had 14.9 points lower GTI than unreg-

istered organizations.

Table 4 also shows that type of registration is consistently an important factor in the four GTI sub-indices. Social organizations, business entities, and private non-enterprise units had relatively higher transparency in their basic information, governance, and finance than those for unregistered organizations. In terms of activity transparency, however, unregistered organizations had the highest scores, followed by business entities, private non-enterprise units, social organizations, and then organizations that did not report their types. Transparency also differed by organizations' program areas. Compared to organizations on poverty and disaster relief, organizations for people with disabilities reported higher transparency on basic information, finance, and activities, while environment organizations had higher transparency on basic information. Community service organizations also had higher transparency on governance, and health organizations had higher transparency on activity information than organizations on poverty and disaster relief.

Table 4 in about here

The regression estimates of transparency and characteristics of the grassroots organizations on donation and grant incomes are listed in Table 5. Two models are presented in each income source. Model 1 includes GTI and characteristics of the organizations, while Model 2 is exactly the same as Model 1, except that GTI was replaced by its four sub-indices. GTI showed significant and positive effects on donation in Model 1. Increasing a point of GTI was associated with an increase of donation by RMB\$99 thousand. It is evident that disclosure of financial information had a strong effect on donation in Model 2. Increasing a point of financial transparency was associated with an increase of do-

nation by RMB\$224 thousand. Donation also varied by types of registration. Unregistered organizations received significantly higher donation income than private non-enterprise units, social organizations, and business entities. It is noteworthy that GTI and its four sub-indices did not have significant effects on incomes from government grants. Instead, grant income was related to characteristics of the organizations. Community service organizations reported receiving significantly higher amount of grants than organizations on poverty and disaster relief. Organizations in the middle region also reported receiving more grants than organizations in metropolitan cities. Compared to organizations established for less than 5 years, organizations with a 5-10 year history reported a marginally higher grant amount.

Table 5 in about here

Discussion

Overall, grassroots organizations in China had low transparency in 2012. Although most organizations disclosed their basic information, there was a lower probability of disclosing governance and activity information, and the lowest probability of disclosing financial information. Consistent with the literature (Marcuello & Salas, 2000; Rodriguez et al., 2012), organizations' legal form affects transparency. Unregistered organizations had the highest activity transparency but the lowest financial transparency. This suggests that unregistered grassroots organizations may disseminate program-related information as a way to increase their visibility and influence, attract public attention, and eventually demonstrate their legitimacy in society. Registered organizations, on the other hand, receive more oversight from government departments and the public, and disclose more information, including financial facts, to public.

Our findings also suggest that Chinese grassroots organizations depend more on donations than government grants. The average amount of donation income was about six times the grant income. The majority of the grassroots organizations received little government grants, except for community service organizations. Grassroots organizations are based in communities and have more strength in working with communities. The Chinese government invests many resources in community development, in which the government mostly purchases services from community service grassroots organizations. The lack of government grants in other areas suggests that Chinese grassroots organizations need more government support of their continuous development in general. Our study shows that grassroots organizations' transparency largely depends on their program area and type of registration, which suggests a great variation within the grassroots organizations. Reasons for these variations warrant more studies for further exploration.

Grassroots organizations' donation income is positively related to their level of transparency, especially financial transparency. This finding suggests a need of improving transparency for fundraising purposes. Notably, unregistered grassroots organizations received significantly higher donation income than registered organizations (i.e. business entities, private non-enterprise units, and social organizations). This indicates that unregistered organizations may rely heavily on donations and have more fundraising efforts, given that they are not yet recognized by the government. This finding also suggests that type of registration may not be an important factor in donors' decision-making. It calls our attention to the question of what are the most important factors that influence people's donation decisions,

which should be explored in future studies. On the contrary, government grant income is related to grassroots organizations' characteristics, such as program area, location, and organizational age, rather than organizations' level of transparency. This suggests that policymakers should incorporate transparency measures in grant-making decisions as a way to encourage grassroots organizations to improve their transparency.

Our study gives implications on grassroots organizations' development in a global context. Compared to other nations, grassroots organizations in China have a similar level of transparency. Nonprofits' transparency in China, Malaysia, and Spain are all relatively low, although the transparency measures differ by countries (Rodriguez et al., 2012; Zainon et al., 2012). The nonprofit sectors' history of China and other countries shows that a few organizations' scandals can generate a catastrophic impact on the entire sector's credibility (Deng, 2010a; Murataza, 2011; Rodriguez et al., 2012). Thus, grassroots organizations need to improve their transparency on a global scale. This may be achieved by creating international evaluation criteria for grassroots organizations' transparency, establishing a global protocol on information disclosure, and promoting international collaboration as well as peer oversight to facilitate grassroots organizations' self-regulation.

Conclusion

Through an objective transparency measure specifically designed for grassroots organizations, this study innovatively examined Chinese grassroots organizations' transparency in a national scope. Among the few studies of nonprofit disclosure in developing nations today (Zainon et al., 2012), our study is the first national research on grassroots organizations' transparency in China, where grassroots organiza-

tions are quickly emerging, yet face great challenges. The findings illustrate low transparency of grassroots organizations in China overall, and demonstrate the complicated relationship among transparency, characteristics of the organizations, and donation and grant income. Given that transparency plays an important role in organizational development, the Chinese government should work on regulations and laws that mandate information disclosure, especially financial transparency. The Chinese government can also include organizational transparency as a selection criterion when purchasing services from grassroots organizations. Grassroots organizations, at the same time, should place more efforts on self-regulation and information disclosure to build credibility, since this will benefit the healthy growth of the sector.

Table 1: Descriptive Statistics of Main Variables

	Mean (S.D.)
Grassroots Organization Transparency Index (GTI) [0-100]	29.1 (17.3)
Basic Information [0-19]	13.0 (3.6)
Governance [0-28]	7.1 (5.7)
Finance [0-30]	2.8 (7.4)
Activities [0-23]	6.2 (5.9)
Program Area [%]	
People with Disabilities	20.0
Children and Elderly	6.6
Poverty and Disaster	10.6
Environment	12.1
Health	6.6
Education	15.1
Community Service	13.5
Support and Research	4.8
Other	10.8
Type of Registration [%]	
Business Entity	6.8
Private Non-enterprise Unit	36.1
Unregistered	15.5
Social Organization	14.5
Other	0.6
Missing	26.6
Location [%]	
Beijing, Shanghai, and Guangdong	46.0
East	17.1
Middle	15.1
West	21.8
Organizational Age [%]	
Less than 5 years	32.9
5-10 years	45.1
More than 10 years	22.1
N	821
Income Source (Unit: RMB Thousand)	
Donation	1653 (5615)
Government Grant	276 (1197)
N	94

Table 2. Transparency by Key Variables

	GTI	Basic Information	Governance	Finance	Activities
All Sample	29.1 (17.3)	13.0 (3.6)	7.1 (5.7)	2.8 (7.4)	6.2 (5.9)
Program Area					
People with Disabilities	33.5 (17.9)	14.2 (3.0)	6.7 (5.5)	4.9 (9.5)	7.7 (5.8)
Children and Elderly	25.2 (14.6)	12.9 (3.9)	6.2 (5.4)	1.3 (4.0)	4.8 (6.1)
Poverty and Disaster	26.2 (16.5)	12.4 (4.0)	6.7 (5.8)	1.9 (5.9)	5.2 (5.3)
Environment	29.8 (17.3)	13.4 (3.4)	7.6 (5.5)	2.6 (6.9)	6.2 (6.2)
Health	31.1 (18.2)	13.0 (3.3)	6.7 (5.6)	3.1 (8.2)	8.3 (5.6)
Education	29.6 (19.4)	12.4 (4.0)	7.3 (6.1)	2.9 (7.8)	6.9 (6.6)
Community Service	30.8 (16.7)	13.3 (3.5)	8.8 (6.1)	2.8 (7.8)	5.8 (5.5)
Support and Research	24.7 (18.8)	11.7 (4.0)	6.8 (5.9)	2.8 (8.1)	3.4 (5.4)
Other	23.1 (11.4)	12.4 (3.7)	5.8 (4.6)	0.4 (2.3)	4.5 (5.1)
F-Test	4.0 ***	4.5 ***	2.4 *	3.3 **	5.4 ***
Type of Registration					
Business Entity	34.1 (18.5)	14.2 (3.0)	8.7 (6.8)	3.4 (8.0)	7.8 (5.7)
Private Non-enterprise Unit	35.0 (18.1)	14.7 (2.8)	8.1 (6.1)	4.6 (9.4)	7.5 (5.8)
Unregistered	31.0 (8.5)	13.1 (2.8)	6.7 (4.2)	1.4 (4.4)	9.7 (4.5)
Social Organization	35.7 (21.2)	14.6 (2.7)	10.3 (7.0)	4.4 (9.3)	6.5 (6.5)
Other	27.6 (11.4)	13.1 (2.1)	6.1 (2.8)	2.8 (6.3)	5.6 (5.0)
Missing	15.1 (5.4)	9.6 (3.4)	3.7 (1.8)	0.05 (0.4)	1.7 (3.5)
F-Test	53.0***	84.4 ***	30.6 ***	12.5 ***	49.4 ***
Location					
Beijing, Shanghai, and Guangdong	30.4 (18.6)	13.2 (3.6)	7.4 (6.1)	3.1 (7.9)	6.7 (6.2)
East	26.7 (15.9)	12.6 (3.8)	6.1 (4.7)	2.4 (6.8)	5.6 (5.5)
Middle	27.5 (14.6)	13.0 (3.5)	6.9 (5.2)	2.0 (6.4)	5.5 (5.5)
West	29.3 (16.9)	13.1 (3.6)	7.2 (5.8)	3.0 (7.5)	6.0 (6.0)
F-Test	2.0	0.7	1.9	0.9	2.2 +
Organizational Age					
Less than 5 years	28.7 (16.4)	13.0 (3.6)	6.9 (5.4)	2.7 (7.4)	6.0 (6.0)
5-10 years	28.7 (16.9)	13.0 (3.6)	6.9 (5.5)	2.6 (7.2)	6.2 (5.8)
More than 10 years	30.5 (19.3)	13.3 (3.7)	7.7 (6.3)	3.2 (8.0)	6.3 (6.2)
F-Test	0.8	0.6	1.2	0.4	0.1

Table 3. Donation and Grant Income by Key Variables

Unit: RMB thousand.	Donation	Grant
All Sample	1653 (5615)	276 (1197)
Program Area		
People with Disabilities	491 (894)	132 (297)
Children and Elderly	669 (600)	0 (0)
Poverty and Disaster	1279 (2061)	0 (0)
Environment	1971 (3298)	3 (10)
Health	6975 (16129)	8 (21)
Education	3049 (7993)	53 (115)
Community Service	404 (408)	1497 (2849)
Support and Research	1658 (2309)	0 (0)
Other	16 (0)	0 (0)
F-Test	1.2	2.4 *
Type of Registration		
Business Entity	1272 (1529)	0 (0)
Private Non-enterprise Unit	1277 (4378)	326 (1255)
Unregistered	4081 (13045)	59 (183)
Social Organization	1564 (2539)	384 (1587)
Other	86 (0)	0 (0)
Missing	----	----
F-Test	0.6	0.3
Location		
Beijing, Shanghai, and Guangdong	2069 (6459)	49 (133)
East	2679 (8031)	356 (1033)
Middle	702 (1525)	1421 (3116)
West	488 (1113)	127 (381)
F-Test	0.7	4.5 **
Organizational Age		
Less than 5 years	601 (1056)	55 (184)
5-10 years	1497 (5145)	577 (1771)
More than 10 years	3304 (8905)	29 (102)
F-Test	1.6	2.4 +

Note: + $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$

Table 4: Regression Estimates of GTI

	GTI			Basic Information			Governance			Finance			Activities		
	B	S.E.	P	B	S.E.	P	B	S.E.	P	B	S.E.	P	B	S.E.	P
Program Area															
People with Disabilities	4.70	2.05	*	1.24	0.40	**	-0.41	0.71		2.43	0.98	*	1.44	0.71	*
Children and Elderly	-2.91	2.61		-0.02	0.52		-0.79	0.91		-0.96	1.25		-1.14	0.90	
Poverty and Disaster	---	---		---	---		---	---		---	---		---	---	
Environment	3.12	2.24		0.97	0.44	*	0.84	0.78		0.80	1.07		0.51	0.77	
Health	3.87	2.65		0.44	0.52		0.01	0.92		1.52	1.27		1.90	0.92	*
Education	4.10	2.13	+	0.33	0.42		1.07	0.74		1.57	1.02		1.14	0.74	
Community Service	2.09	2.16		0.35	0.43		1.55	0.75	*	0.56	1.03		-0.38	0.74	
Support and Research	3.53	2.95		0.52	0.58		1.59	1.02		2.34	1.41	+	-0.93	1.02	
Other	-1.20	2.32		0.58	0.46		-0.28	0.80		-0.93	1.11		-0.57	0.80	
Type of Registration															
Business Entity	4.53	2.45	+	1.14	0.48	*	2.23	0.85	**	2.62	1.17	*	-1.46	0.85	+
Private Non-enterprise Unit	4.49	1.65	**	1.47	0.33	***	1.84	0.57	**	3.27	0.79	***	-2.09	0.57	***
Unregistered	---	---		---	---		---	---		---	---		---	---	
Social Organization	5.97	1.96	**	1.56	0.39	***	3.62	0.68	***	3.56	0.94	***	-2.77	0.68	***
Other	-1.65	6.87		0.15	1.36		-0.47	2.38		2.24	3.28		-3.57	2.37	
Missing	-14.90	1.71	***	-3.49	0.34	***	-2.77	0.59	***	-1.00	0.82		-7.64	0.59	***
Location															
Beijing, Shanghai, and Guangdong	---	---		---	---		---	---		---	---		---	---	
East	-1.61	1.69		0.01	0.33		-0.90	0.59		-0.28	0.81		-0.43	0.58	
Middle	-2.14	1.68		0.18	0.33		-0.52	0.58		-1.09	0.80		-0.71	0.58	
West	-0.42	1.51		0.11	0.30		0.05	0.52		-0.12	0.72		-0.46	0.52	
Organizational Age															
Less than 5 years	---	---		---	---		---	---		---	---		---	---	
5-10 years	-0.65	1.33		-0.44	0.26	+	0.03	0.46		-0.08	0.64		-0.16	0.46	
More than 10 years	0.34	1.64		-0.06	0.32		0.49	0.57		0.24	0.78		-0.33	0.57	
Constant	28.84	2.32	*	12.72	0.46	***	6.19	0.81	***	0.44	1.11		9.49	0.8	***
R-Square	0.27			0.36			0.18			0.10			0.26		

Note: + p<.10, * p<.05, ** p<.01, *** p<.001.

Table 5: Regression Estimates of Income Sources

Unit: RMB thousand.	Donation						Grant					
	Model 1			Model 2			Model 1			Model 2		
	B	S. E.	P	B	S. E.	P	B	S. E.	P	B	S. E.	P
GTI	99	41	*	---	---		-0.77	7.96		---	---	
Basic Information	---	---		252	438		---	---		34	85	
Governance	---	---		-4	123		---	---		-23	24	
Finance	---	---		224	100	*	---	---		-7	19	
Activities	---	---		24	126		---	---		32	24	
Program Area												
People with Disabilities	-1030	2483		-2070	2861		206	481		-90	553	
Children and Elderly	978	3985		1554	4276		334	772		-119	826	
Poverty and Disaster	---	---		---	---		---	---		---	---	
Environment	-55	2835		-305	3017		-171	549		-449	583	
Health	4169	3090		3595	3225		60	598		-128	623	
Education	305	2865		-92	3139		194	555		-147	606	
Community Service	-882	2635		-1550	2778		1603	510	**	1433	537	**
Support and Research	1650	4109		261	4305		-46	796		-199	832	
Other	-4119	6595		-4072	7469		813	1277		283	1443	
Type of Registration												
Business Entity	-6252	3149	+	-6493	3173	*	236	610		224	613	
Private Non-enterprise Unit	-4912	2347	*	-5881	2493	*	295	454		272	482	
Unregistered	---	---		---	---		---	---		---	---	
Social Organization	-5340	2756	+	-6057	2915	*	251	534		136	563	
Other	-4518	7044		-5846	7190		-187	1364		138	1389	
Missing	---	---		---	---		---	---		---	---	
Location												
Beijing, Shanghai, and Guangdong	---	---		---	---		---	---		---	---	
East	2824	1997		2556	2136		289	387		138	413	
Middle	714	2233		402	2265		1159	432	**	1182	438	**
West	501	1857		243	1958		121	359		-29	378	
Organizational Age												
Less than 5 years	---	---		---	---		---	---		---	---	
5-10 years	-599	1659		-407	1703		542	321	+	491	329	
More than 10 years	1366	2066		1440	2118		289	400		168	409	
Constant	-812	3743		-2205	6396		-774	725		-860	1236	
R-Square	0.21			0.23			0.35			0.37		

Note: + $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$.

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