



Accountability Via Reporting Mechanism: The Case of Pertubuhan Ikram Malaysia

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The value and importance of the existence of non-governmental organisations (NGOs) has been debated among the public, funders and academicians across the globe. Thus, there is an urgent need to evaluate the accountability and outcomes of NGOs. Funders have started to question the value of the NGOs, whether the activities conducted by NGOs positively impact the communities that they serve. There is also concern about the accountability of NGOs as there are very limited reports provided by NGOs. In Malaysia, there is a significant number of NGOs registered under the Registry of Societies (ROS), among which almost half are faith-based NGOs such as Pertubuhan IKRAM Malaysia. This paper attempts to examine the reporting mechanism used by IKRAM, a faith-based NGO, to portray their activities and the impacts on the communities it serves in ensuring its accountability. Through interviews with the important players in the organisation and a content analysis of its annual report, we found that IKRAM has performed beyond the regulators' requirement by including a section on 'social outcome report' to fulfill its accountability in accordance to the organisation's objectives. The report, and in particular this section, is highly beneficial to the stakeholders, especially the donors and funders, who can utilise this information to better understand the flow of funds and the contributions of IKRAM to the society.

Keywords: *Islamic Accounting, Islamic NGOs, Accountability, Social Outcome, Reporting.*



Introduction

Islamic non-governmental organisations (NGOs) are established to operate for the cause of Islam, in which the objectives, funds, operations, and management are based on the values stipulated in the *Quran* and *Sunnah*. This definition is derived from Haneef (1997), whereby the religion of Islam and its values, which is revealed by God, should be the central element in the Islamic economy and Islamic institutions. This very definition differentiates Islamic NGOs from other faith-based NGOs, that may uphold varying values and objectives of establishment. Kazmi and Ahmad (2013), when studying management from the Islamic perspective, added that Islamic management operations must be compatible with Islamic beliefs and practices. Thus, Islamic NGOs refer to organisations that are managed in accordance with the Islamic way of life.

This paper focussed only on a single Islamic NGO; Pertubuhan IKRAM Malaysia, an organisation managed according to Islamic beliefs. Pertubuhan IKRAM Malaysia or IKRAM, was registered under the Registry of Society (ROS) on 22 October 2009 (Shaharom, 2017). It is an institution that focusses on *da'wah*, *tarbiyah*, and welfare. IKRAM strives to achieve society development based on the Islamic way of life. IKRAM's motto is "Brotherhood, the Foundation of Glory" and the main vision of IKRAM is to develop a just and prosperous society for all races and religions. All activities are directed towards improving the benefits of members and society, in general. Currently, the number of registered members of IKRAM stands at 20,000.

As one of the organisations registered under ROS, IKRAM must comply with all the rules and regulation of ROS, one of which is the submission of an annual report on a given date. The annual report contains the financial statement, minutes of meetings, and other supporting documents. So far, IKRAM is able to provide a comprehensive report to the regulator because they have a systematic way of preparing the annual report, which includes a Social Outcome Report consisting of activities that have an impact on the society. For IKRAM, this is an important way to show accountability to their stakeholders. In this paper, we attempt to examine the role of Islamic accountability, by looking at how the social outcome reporting by IKRAM is able to provide a comprehensive reporting framework on accountability that caters to the needs of their stakeholders.

Literature Review

NGO's Reporting

With regards to reporting, NGOs are required by ROS to submit an annual return within 60 days after the society's annual general meeting (AGM) or 60 days after the end of each calendar year if no AGM is conducted. These annual reports can be done online and should consist of six sections, namely General Information, Minutes of Meetings, Organising



Committees Information, Auditors Information, Financial Statement (which includes Receipts and Payments, Assets and Liabilities), and Contributions (to and from overseas) (The Registry of Societies, 2019). Based on the format provided by ROS, the main focus of the annual report appears to be tracking the usage of the money used by the organisation. There is a lack of concern on an integral part of the programme itself as ROS does not require the NGOs to report on the quality, success, or impact of the programmes undertaken by NGOs.

As many NGOs are also afforded the privilege that comes with the status of a charitable organisation, it is necessary to produce a general statement on the NGOs and their charities for the public and media to stay informed on the NGOs' engagement. NGOs are also accountable towards their staff, the professional knowledge group they are involved with, and the communities in which they operate. Thus, NGOs' accountability should closely reflect the nature of the organisation and its sector (Gray, Bebbington, & Collison, 2006).

An insight gained through a pilot study indicated that institutional donors are interested in background information, financial, and future information of NGOs, together with information on community services offered by the NGOs, rather than the minutes of an AGM (Zainon, Atan, Wah, & Nam, 2011). Many of the current annual returns reports from charitable organisations are not tailored to stakeholders' needs of information, with only a minimal disclosure of the important information. Furthermore, they are often not available for public reviews (Atan, Zainon, & Wah, 2012). This low extent of information disclosure by charitable organisations in Malaysia is a mismatch with the expectations of institutional donors. Studies have shown that level of information disclosure is significantly correlated with the total donations received from funders; whereby higher donations received would lead to a greater disclosure of information and subsequently, better transparency and accountability from the NGOs (Atan, Zainon, & Wah, 2012). This paper aims to highlight the voluntary reporting done by IKRAM on the programmes it conducts, which is part of IKRAM's effort to improve its accountability, as driven by its sense of God consciousness.

Accountability from Islamic Perspective

For the purpose of this paper, it is important to understand how accountability in Islam came about. First and foremost, Islam is a comprehensive religion whereby it covers all aspects of life, including the matter of accountability. In Islam, the purpose of the creation of man is to worship Allah. Worship in Islam covers all acts whereby humans seek the pleasure of God (Abdul-Rauf, 1974; Quran 6:162) and as *khalifah* or inheritor on earth for the needs of men. Man is bestowed with *'aql* or intellect to choose between the two presented paths. The actions of men on earth matters not only because good deeds will be beneficial for them while they are in this world, but more importantly, it will be more rewarding in the hereafter.

In the hereafter, *hisab* will take place, whereby man will be made accountable for his promise and action. In *al-Hadid* (Quran 57:13), the awareness and belief that the day of judgement will occur, during which everyone will be gathered in front of Allah for the *hisab* to take place, would help to provide men with the proper mindset to guide their actions. Thus, accountability in Islam can be categorised as a threefold relationship, which is within oneself, between oneself with God, and with society, whereby man's relationship with society reflects man's relationship with God (Yasmin, Ghafran, & Haniffa, 2018).

According to Rosly, an act may fall under *tabi'i* principles, whereby reason and experience are used to guide one's action, or it may fall under *shari'i* principles, which are derived from the Quran and must be observed by Muslims. Therefore, in performing their duty, Muslims must observe that every act and step undertaken in executing a plan must be in line with the *shari'ah* (as cited in Beekun, 2006). This principle acts as the pillar of strength for the identity of Islamic NGOs (Yasmin, Ghafran, & Haniffa, 2018).

The concept of Islamic accountability is in concordance with Anderson (2009) who mentioned that the need for transparency is not only limited to accounting, auditing, and fiduciary but it should also include activities conducted by NGOs. This is to allow people to be aware of and to make a wise judgment about the NGOs and their programs. A proper accountability mechanism plays a significant role in enhancing and aiding the accountability of any organisation (Basri, Nabiha, & Majid, 2016; Yasmin, Ghafran, & Haniffa, 2018). It should be emphasised that no obvious difference exists between direct-imposed accountability and the Islamic aspect of accountability. However, indirect accounting or accountability-related regulatory requirements may have a radically different effect on Muslim NGOs due to their complex socio-political nature (Yasmin, Ghafran, & Haniffa, 2018). Besides, the demand for accountability from different aspects (externally induced or internally induced accountability) or purposes (such as governance, finance, and performance) have to be integrated and aligned (Ebrahim, 2010). In view of this, we attempt to elaborate on the various aspects of NGOs which are associated with Islamic accountability. Relevant theories, which are in line with Islam and can be implemented and modified to better suit the nature of an Islamic NGOs, are also included in the discussion.

Islamic Accountability in Leadership, Governance, and Sustainability

From the Islamic perspective, a leader plays a role as a servant to his followers and a guardian to his guardianship (Beekun & Badawi, 2009). Again, it is important to emphasise here that mankind is the servant of Allah and who Allah has chosen to be the *khalifah* on earth (Quran 2:30). As man is created as the servant of Allah in order to worship him, therefore man is bound by the Quran and Sunnah of the Prophet S.A.W. Marbun (2013) mentioned that the integration between being a servant of Allah and being the *khalifah* of

Allah will give birth to a man with a strong conviction in seeking Allah's pleasure in all actions. Thus, Islamic leaders must integrate and balance the fear of Allah and rational awareness in Muslims.

Leaders also carry the role as a governor. Governance is defined as how society or groups of people organise themselves to make decisions (Institute on Governance, 2019). Governance is required as humans have the potential tendency to commit acts of corruption (Quran 2:30). A study done on firms in the United Kingdom by Al-Shaer, Salama, and Toms (2017) supported the importance of governance as the study found that higher quality audit committees led to a higher quality disclosure, instead of a higher disclosure volume. Another study conducted in higher education institutions in the United Kingdom also concluded that accountability and transparency tends to improve with the presence of a good internal governance structure (Ntim, Soobaroyen, & Broad, 2017).

In Islam, the word *tadbir* refers to governance and its pillars are *'ilm*, power, and mercy (Akademi Pengurusan YPEIM, 2005). A concept of good governance by Al-Ahsan and Young (2008) called for the understanding of the concepts of trust and justice whereby these concepts provide *shari'ah* and *shura* as the practical concepts of good governance. The function of governance is to uphold the objectives of *shari'ah*. In other words, to foster and preserve public interest by promoting religion, life, reason, progeny, and wealth. Al-Kaylani, on the other hand, highlighted the word *maqсад*, the root word of *maqasid*. *Maqсад* denotes straightness of path, balance and justice, and directive destination as the objectives of *shari'ah* (as cited in Ismail, Sarif, & Azan, 2017). Fulfilling the objectives of *shari'ah* has also become one of the main reasons for many Muslims to venture into social entrepreneurship (Sarif, Sarwar, & Ismail, 2013; Sarif, Ismail, & Paiman, 2013). Besides, it is worth mentioning that the roles of religion in governance are not merely restricted to the functional aspect but are also related to the substantive and relational aspects (Borchgrevink, 2017).

A conceptual study by Azan and Sarif (2017) derived that under Islamic teaching, social entrepreneurs have to be governed or managed within the *Tawhidic* paradigm. According to Mohd Kamal Hassan, *Tawhidic* is a paradigm which reflects the monotheism thinking in man with a purpose to serve as a servant, vicegerent, and true believer of Allah for the betterment of mankind and a balanced community (Sarif, 2013). Al-Faruqi further elaborated that men who understand and are guided by the *Tawhidic* paradigm are equipped with knowledge, competencies, and willingness to fulfil trust and obligatory duties prescribed by Qur'an and Sunnah. They will be able to execute those duties with reasoning and unique capability (Sarif, 2013). This is in line with a study by Arshad, Noor, and Yahya (2015) which has shown evidence of linkage between entrepreneurship education and selected entrepreneurial outcomes. In another study conducted by a private Islamic school in Malaysia, five

interrelated factors which influenced the sustainability of social entrepreneurs were identified, namely financial, physical facilities, human capital, system, and altruism (Kadir & Sarif, 2015). In view of this, all who are involved in Islamic non-profit sectors need to have a correct understanding of Tawhid and integrate all relevant aspects of knowledge to execute their duty in an excellent manner. Finally, another study by Sarif, Sarwar, and Ismail (2013) noted that NGOs and social enterprises need to stay sustainable in order to fulfil their purpose of benefitting society as a whole.

Islamic Accountability in Strategic Planning and Communication

In carrying out the mission of any organisation, strategic planning is vital to a smooth delivery of projects with maximum efficiency. This will ensure mission accomplishment, fulfilment of responsibility, and accountability. Additionally, Muslim NGOs have to set their organisation's identity and strategies to be in line with Islamic teaching. In delivering the message in strategic planning throughout the organisation and spreading the organisation's identity, communication is vital. Islam highlights the importance of a clear message in communication. For Islam, the Quran contains clear verses of messages with the best content and emphasises the importance of clear speech.

The importance of communication is also mentioned by Thellefsen and Thellefsen (2018). The study concluded that information is what it is, by itself and with itself, but the information can have multiple possible interpretations. Melewar et al. (2017) also found that from a business perspective, controlled communication is related to a user's trust, loyalty, and commitment, while uncontrolled communication is only significantly related with a user's loyalty. An analysis on the intention to support Islamic social enterprises in Indonesia found that social enterprise credibility is positively influenced by the attitude towards advertisement, brand, and support intention. The interrelationship between these factors shows the complexity of this issue. One's attitude towards advertisement has a positive and direct influence on one's attitude towards the brand, and following that, the attitude towards the brand is positively and directly related to the support intention. Nevertheless, there is a lack of evidence to support positive and direct relation between advertisement and support intention (Hati & Idris, 2014).

Therefore, it is important for NGOs and social enterprises to maintain good credibility by maintaining an organisational brand or identity via effective organisational advertisement to ensure support intention from society at large. A study by Makhrus (2018) found that NGOs and social enterprises should maximise the use of social media to gain society's awareness. Apart from this, communication from the aspect of networking is equally important. Networking refers to the communication between the sets of agents from different sectors of the economy, such as financial and technology. The concept of utilising Islamic social capital

as networking is highlighted to be a critical factor for the success of any organisations as it creates ground rules for transparent functioning, trust building, and coordination of action for development interventions (Farooqi, 2006).

Performance measurement is commonly followed up with strategic analysis. Strategic analysis of the business environment provides vital information for the planning of an organisation's strategy, whether any modification or appraisal are needed to improve the organisation's identity. Inability to analyse and act on the performance measurement data may lead to organisation stagnation (Balmer, 2017b). A clear definition of the goals of the changes, together with a high-level commitment, have been identified empirically and theoretically as the two most important factors for a successful implementation of change in an organisation (Oberg, Hammersberg, & Fundin, 2017). Based on this, it is clear that strategic planning execution depends greatly on the leaders and their communication ability.

Islamic Accountability in Performance Measurement

Islam highlighted the importance of knowledge or guidance for an action before accountability or performance can be measured. Messengers were sent to guide people and those who followed the guidance will be forgiven and rewarded (Quran 3:15), while those who turned away from the guidance will be punished for their deeds (Q32:22). Similarly, a cascading strategy can create a line-of-sight to identify the tasks completed by employees with high-level desired results. Cascading the organisation's mission and visions with strategic planning would enable the objectives to be more operational. Accountability should also be formally incorporated into each of the defined operational measures (Balanced Scorecard Institute, 2017). It has been widely acknowledged that a higher degree of accountability is expected in return when more power, trust, and responsibility are given. The employees should be honoured with the power entrusted to them and bear in mind that their integrity and credibility will be tarnished if there is proof of abuse (Alhabshi & Ghazali, 1994).

Beekun (2006) highlighted the five key characteristics of performance measure, namely the capability of the measure to provide feedback in order to demonstrate results, the measure must be vital and relevant to the performance, the measure can respond to the needs of multiple stakeholders, the measure can be linked to the accountability to the responsible party, and lastly, the value derived from the performance measure is worth the cost incurred in developing, collecting, and analysing the data. These characteristics can be implemented through the Balance Score Card (BSC), which is a performance measurement system covering both financial and non-financial measures of performance from four different perspectives. The four perspectives are financial, customer/beneficiaries/donors, internal and business processes, and innovation and learning by using two types of indicators; the leading

and lagging indicators. The leading indicators are the predictive measurement which will affect or influence the lagging indicators or the output measurement (Anjomshoae, Hassan, Kunz, Wong, & Leeuw, 2017). For all four perspectives, each area will be assessed to produce strategic objectives followed by the creation of strategy mapping to visualise and communicate the connection or cause-and-effect between the strategic objectives. Key performance indicators (KPIs), targets, and initiatives are also clearly stated.

In a cyclical process, after the performance measurement is completed, performance analysis will be conducted (Balanced Scorecard Institute, 2017). According to Streatfield and Markless (2009), analysis or impact measurement involves the identification and evaluation of change. An impact assessed can be either positive or negative, and either intended or accidental. The Global Libraries Initiative Impact, Planning, and Assessment Road Map stated the three main purposes of collecting impact evidence or performance analysis (Streatfield & Markless, 2009). Firstly, it is performed to determine whether projects are conducted effectively to enable learning from mistakes for project improvement, and secondly, to show that the projects conducted are making a difference to people, groups, organisations or communities. Lastly, the evidence from the same study can be used to advocate for support or funding. The same study also mentioned the three pitfalls of impact assessment. Firstly, the tendency to conflate impact assessment and advocacy. Secondly, the tendency to ‘cherry pick’ evidence, although impact assessment should be an independent process. Lastly, the lack of evidence to suggest that the key decisions made are evidence-based strategic decisions which will lead to service sustainability.

In Islam, the evaluation process or post-mortem is called *muhasabah*, which is done to identify the weaknesses and mistakes that occurred in a situation in order to avoid reoccurrences in the future (Akademi Pengurusan YPEIM, 2005). An evaluation process or assessment can be carried out through *syura* (Quran 3:158; 42:38).

Disclosure and Transparency in Reporting

In Islam, the principle of *amanah* means the act of carrying out the donors’ requirement. The act can be formally or informally reported as long as it is a good system that can fulfil the objective of the *amanah*, while avoiding public misconception. A good formal reporting system would enable stakeholders and the public to measure the performance of organisations (Basri, Nabiha, & Majid, 2016; Yasmin, Ghafran, & Haniffa, 2018) and to mitigate any concerns from external parties (Yasmin, Ghafran, & Haniffa, 2018). Furthermore, an improved system of internal controls and transparency should be put in place to alleviate concerns over any alleged links with terrorist groups, as proposed by Othman and Ameer (2014). This is important as man is told to avoid suspicion and disclosure or the delivery of messages is given a high value in Islam. In contrast, lying or hiding information or

knowledge is highly discouraged. In a specific verse on accounting and reporting (Quran 2:282), it is stated that a writer or an accountant has to fear Allah, write the report justly and transparently, and disclose items in specific details to prevent doubt. There should also be two witnesses who can verify the report, so that they may remind each other.

In the earlier section, verbal communication has been mentioned as an important tool in conveying the strategic plan of organisations. Reporting, on the other hand, is written communication and attention must be paid to the issues related to the extent of disclosure and transparency in reporting. Research on the extent and manner of reporting by Hyndman and McConville (2015a) found a limited number of reporting on efficiency measures, conversion ratios, and explanation for the reported measures. As high as 94 per cent of charities in the United Kingdom did not report a single efficiency measure, while 54 per cent did not report any conversion ratios in any channels of communication (Trustee' Annual Report, Annual Reviews, and websites). Meanwhile, only 24 per cent of efficiency measures reported were further explained using a related target or compared with external values. This reflected a high-level of reluctance among charities to compare and benchmark themselves with other organisations. Many a time, the reported items were found to be unrelated to the objectives (88 per cent) or goals of the organisations (90 per cent), while as high as 96 per cent showed no evidence of independent preparation or verified reporting.

Methodology

The research design greatly affects the outcomes of the research studies (Denzin & Lincoln, 1998). The study used a qualitative approach, which is defined as:

"Data collected in a qualitative study consists of descriptions and accounts provided by participants in the research site, together with the researcher's observations on activities and interactions and the context in which they take place. Data must be collected over an extended period of time so that processes can be recorded. The researcher, in general, does not seek to test prior the hypothesis. Rather he, or she seeks to theorize through the data in an inductive manner. Analysis of the data is itself an emergent process. The researcher seeks gradually to develop empathy with the data, to understand what they tell of participants' realities and the process through which they unfold. The researcher must constantly construct alternative interpretations until he or she is satisfied that the representation is a faithful account. Interpretations must be grounded in context and consistent with the chronological ordering of events and interactions. Finally, the results must be represented in such a way that the reader can independently judge their credibility."

Based on the above definition, the approach of this study is by observation, content analysis, and participants' interviews. The study does not try to test any prior hypothesis because the

main purpose of the study is to explore the concept of Islamic accountability and social outcome reporting In Islam and to understand them from the perspectives of IKRAM.

Before the study commenced, expert advice was sought on the relevance of the study. The expert from academia said that qualitative study is only significant when the qualitative approach is the only way to collect the data. Based on past research of Islamic organisations (Abdul-Rahman & Goddard, 1998; Kamla & Rammal, 2013; Kazmi & Ahmad, 2013; Yasmin, Haniffa, & Hudaib, 2014; Yasmin & Haniffa, 2017), qualitative approach is the most suited approach in understanding and examining the social, cultural, and historical functions of the organisations. Thus, they suggested for a case study. Moreover, the expert mentioned that the qualitative approach through a case study can provide insight into the issue at hand, which is sometimes neglected in other studies.

Laughlin (1990), who is a pioneer in the research of faith-based organisations, highlighted that a case study is the most adequate approach in an organisational-focus type of study. He stressed that detailed studies (i.e. case study) are the most prolific way to unravel both social and technical aspects of accounting systems, along with their interrelationship. Furthermore, each organisation has a rich cultural and social history and this may influence their respective accounting practice. Besides, the accounting systems practiced by the organisations may not be value-free. Hence, conducting a case study on Islamic organisations is deemed appropriate.

In the attempt to understand accountability from the viewpoints of Islamic NGOs, Pertubuhan IKRAM Malaysia is selected as the case study in this project. The person of interest for this study is the Secretary General and the Assistant Secretary General of IKRAM, both of which are the Persons-in-Charge (PIC) of handling the organisation's report. They are selected based on the unit of interest, their understanding, and knowledge with respect to financial and social reporting, as well as their grounding knowledge and insight of Islamic NGOs and the religious belief system as a whole (Abdul-Rahman & Goddard, 1998; Saerang, 2003). Data through content analysis of the IKRAM 2018 Annual Report is also included as part of data for this study.

Findings

Based on the content analysis, it was found that IKRAM is a very structured and systematic organisation. It has 23 units (*Jawatan Kuasa*) and each unit has its own organisational structure. The reports of each unit were included in the annual report. Although the reports from each unit were slightly different, especially in the way they presented the targets, the information included was actually similar on a deeper inspection. According to the Secretary General, formal training was given to each unit so that the reporting can at least be

standardised. For the purpose of the study, only two units were scrutinised; the community service unit and the education unit. These two units were chosen because their works are directly related to the society and hence, the social outcomes.

The two units presented their reports by firstly showing the committee members who were involved in their work, and secondly, outlining the mission and vision of the units. They also presented the targets and percentage of targets achieved before finally listing down the activities conducted throughout the year. Based on the findings from the interview, the main strategic targets of IKRAM were trickled down to every unit. Thus, the achievement of the units represented the achievement of the main mission of IKRAM as a whole. The Secretary further mentioned that IKRAM is shifting towards outcome-based reporting. However, due to the difficulties in which not all the stakeholders may understand outcome-based reporting, so far the report was reserved for the internal use of IKRAM only. However, the report will be shared with the authority, if and when required.

“Outcome-based, so not everyone in IKRAM understands. They are from various background including the community out there..So that is the wisdom of top management to bring forward one new thing..The real purpose is for internal parties only..Meaning, for the headquarter, states, and city to refer to it but it is not for the public. For the public, we make it available on the website, under activities. It is just that inside the report, we have the required format.”

Next, it was mentioned in the interview that they are doing this change to fulfil their accountability towards Allah. He said that as an Islamic organisation, whatever they do is to please Allah, rather than as a sign of obedience to the requirement from the authority. They believe that Allah will ask them what they have done for society and since they are an Islamic NGO, they should be accountable for it:

“As an Islamic NGO, we are convinced that accountability, number one, is towards Allah s.w.t. That is what we put first. Meaning, it is not because ROS pushes us or not, but it is because that is the responsibility that we have to carry. Allah will ask you why as an NGO, you did not do this. This is the first thing we hold on to as the Quran mentions this.”

Furthermore, IKRAM presented their five main strategic targets (*Sasaran Strategik/SS*) that need to be achieved during the year in a colour-coded matrix. As mentioned earlier, all of the activities in each unit were directed towards those five main objectives. The five objectives included leading the civilised society (SS1), setting the country’s political direction (SS2), the building of corporate community support (SS3), spreading the *da’wah* to non-Muslims (SS4), and becoming the founder of a *syariah*-based system (SS5). The colours and grading represented the performance of IKRAM in achieving their targets, from red (0 to 1), yellow

(1 to 2), blue (2 to 3), and to green (3 to 4). The highest score of four meant that the targets have been achieved, while zero indicated that nothing was achieved during the year. In short, the colours of red and yellow would alert the IKRAM committee that something is wrong and remedy actions should be taken immediately:

“So we use scoring full mark 4.00 method.. 4 flat is the aggregate. So 4-mark refers to the achievement of the targeted output. So for example, the achievement in 2016 is 2.23. in comparison to the full mark, it is still far behind right.. then 2.56 in 2017.. a bit increment.. then we look and record the achievement of all states. So it has colour-coding..if it is green.. if full mark, it is green.”

Table 1 highlights the main difference between what was required from IKRAM by ROS and what they had delivered during the year of the study. They included additional aspects on strategic planning and communication, performance measurement, and disclosure in the report.

Table 1: Differences between the requirements of ROS and additional aspects of IKRAM

Aspects of Islamic Accountability	ROS Requirement	Report by IKRAM	
		ROS Requirement	Additional
Leadership and Governance	(1.0) General Information (2.0) Minutes of Meetings (3.0) Organising Committees Information (4.0) Auditors Information (Internal and External) (5.0) Bearers Information (<i>Maklumat pemegang amanah</i>)	(1.0) General Information (2.0) Minutes of Meetings (3.0) Organising Committees Information (4.0) Auditors Information (Internal and External) (5.0) Bearers Information (<i>Maklumat pemegang amanah</i>)	
Strategic Planning and Communication			- Organisation Identity - Programme Targets
Performance Measurement			- Colour-coded Matrix

				(Internal)
Disclosure and Reporting	Transparency in	(6.0) Financial Statement	(6.0) Financial Statement	- Social Outcome Reporting

Discussion

In general, accountability is vital for both conventional and Islamic NGOs alike. However, in Islam, the accountability aspect extends to a wider scope as Muslims believe that Allah will make them accountable in the hereafter. Everything they do will be questioned and accounted for. Thus, it is imperative for Muslims to act in a way that pleases Allah. IKRAM, as an Islamic NGO, has performed beyond the regulator's requirements in terms of accountability. When accountability is viewed as a form of worship, in line with religion, the concept of accountability would stretch beyond financial matters to include all activities and processes. These processes would need to be addressed following the religious framework (Basri, Nabiha, & Majid, 2016; Yasmin, Ghafran, & Haniffa, 2018). From this study, it is evident that the reporting described by IKRAM is comprehensive and more extensive than what is required by ROS.

ROS, as the regulator, is more concerned about the legitimacy status and financial aspects of NGOs and it seldom pays close attention to the NGOs' mission. ROS would keep track of the registered NGOs if these NGOs are conducting the programmes as per registered. NGOs also need to submit annual financial statements for ROS to check on the funding and expenditure. The NGOs may be liable for a penalty if ROS detected any fund being spent for irrelevant purposes. However, the content and outcomes from each programme is not a mandatory reporting requirement from the NGOs. In other words, these aspects appeared to be the least of the concerns for ROS. However, as for any organisation, it is important to ensure that the fund provided is accounted for and managed properly. This is especially applicable for NGOs, as the objective of the NGO is to conduct beneficial programmes for their target groups, and thus, the programmes held would directly reflect the reason of establishment for the NGOs. Therefore, the programmes conducted by the NGOs deserve to be given greater priority in reporting and at the same time, given more supervision to ensure that the NGOs fulfil their purpose.

As for strategic planning and communication, IKRAM outlined their organisation's identity as the strategic targets in the reports. This represented the targets that they aimed to achieve during the year. Stakeholders will understand right away that this is the main focus of IKRAM. Each unit clearly outlined the committees in-charge of each programme before listing down the programmes conducted during the year. This helps to inform the various stakeholders about the activities that the NGOs are doing to show that they are responsible

for every activity organised under them. The communication of organisation identity is important as it greatly influences the strategic planning of the NGOs. This is especially true for controlled communication (Melewar, Foroudi, Gupta, Kitchen, & Foroudi, 2017). Failed communication can lead to a false manifestation of the organisation's identity (Balmer, 1995a).

The elements of performance measurement are also included in the IKRAM report. It was represented by a colour-coded matrix. Stakeholders of the report will have knowledge of the strategic targets of IKRAM during the year. Ideally, the evaluation process has to be conducted to determine that the programme achieved its objective. A quality programme would provide benefits without causing any harm, thus creating a win-win situation and gaining the pleasure of Allah (Akademi Pengurusan YPEIM, 2005).

Lastly, IKRAM reported on the social outcomes of each of their programmes. Although the format of reporting is not standardised for each of the units, the overall report still provided vital information to the users of the annual report. Saxton, Kuo, and Ho (2012) viewed reporting as a tool to convince stakeholders with regards to the legitimacy and transparency of an organisation. Convincing stakeholders of legitimacy of the organisation is important to gain public trust to facilitate the conduct of different activities while transparency encourages funding and enables the delivery of activities with better societal outcomes. Thus, transparency on portraying the effectiveness of NGOs would attract stakeholders to provide support towards activities of a common objective (Hyndman & McConville, 2018b).

Despite its practical contribution, it must be noted that this research comes with several limitations. First, it focussed only on a single Islamic NGO in one country. Thus, it cannot be generalised to other NGOs. A more extensive research that includes more NGOs from other countries, apart from Malaysia, would be useful to further understand the similarities and differences in the social outcome reporting of the NGOs. Secondly, only a limited number of reports were assessed in this study, thus the findings may be inconclusive. Future research may replicate this same study with a larger number of reports, including all other NGOs. Another recommendation for future studies involves a deeper exploration in the area of Islamic organisations. Observations can be made on all aspects of Islamic accountability to see if all are truly being fulfilled accordingly. For example, whether all the leaders possess the characteristics of an Islamic leader if *syura* is conducted, and if the organisations internalised Islamic teachings and conducted their programmes according to Islamic teaching.

Conclusion

The aim of the paper is to broaden the understanding of the role of Islamic accountability via the social outcome reporting completed by IKRAM. For this purpose, we discussed



accountability from the Islamic perspective and the reporting practice of IKRAM. Indeed, IKRAM has provided ample information for the recipients of the annual report, beyond what is legally required, in which they outlined the outcome of their activities to the society and the achievement of specific targets during the year. This paper has practical implications in that it offers recommendations to the authority on how to improve the quality of NGO's annual report to provide useful information to various stakeholders via an additional section on 'Social Outcome Reporting'. Following the example of IKRAM, Islamic concepts of accountability may be used to strengthen the management and reporting of other Islamic NGOs.

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