

Enhancing accountability through web based disclosure practices of foundations in Malaysia

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Abstract: The accountability of non-profit organizations (NPOs) in managing public funding is at risk due to numerous cases reported on the misappropriation of funds and falsifying the reporting information of NPOs. Often, NPOs have been criticized as less efficient and transparent in managing public funds for targeted beneficiaries. As the public trust is deteriorating, alternative reporting could be pertinent to enhance transparency and accountability of NPOs towards stakeholders and the public at large. Therefore, this paper aims to analyse the extent of disclosure among 122 foundations in Selangor and Kuala Lumpur through web-based reporting. This paper used a content analysis approach to gather information in relation to web-based reporting adapted from the Web-based Accountability Index from Gandini et. al (2012) and Nair et. al (2022). The findings indicated the foundations in Malaysia show an average of accountability discharged through websites' reporting. The foundations were also unlikely to publish financial information and social reporting as compared to other general information. The findings also suggested NPO communities the significant use of web-based technologies as a mechanism to gain and sustain stakeholders' trust and confidence towards public funds' accountability.

Keywords: *Accountability, Foundation, Malaysia, Non-profit Organization, Reporting.*

1. Introduction

The recent issue of misappropriation of fund by NPOs has created a negative perception among the public on NPOs (Solhi, 2020). Public has been questioning how NPOs allocating the donation and fund to the beneficiaries. For instance, the Edge Markets reported RM31 millions of Akalbudi Foundation's funds were not used for the benefit of the poor (Bernama, 2019). This case was among many cases reported on misappropriation of fund and individual's misconduct that has further raised an issue of whether the foundation is working towards the social needs or the interest of individuals (Hassan, Mat Hayin, & Ismail, 2021).

Prior studies had identified lack of standard guidelines for monitoring and reporting of the fund management would cause countless concerns from the public and stakeholders on the distribution of donation to the targeted beneficiaries (Othman & Ali, 2012; Arshad, Abu Bakar, Sakri & Omar, 2012; Zainon, Hashim, Yahaya & Atan, 2013). Often, NPOs are selective in reporting the relevant information as it is not obligatory for them to do so. However, to portray their accountability towards the public and stakeholders, NPOs are encouraged to provide sufficient information on their actions through various reporting mechanisms including formal and voluntary forms. Nonetheless, it has been reported that NPOs in developing countries are generally reluctant to share comprehensive information with various stakeholders and may not realise the need for accountability (Arshad, Bakar, Thani, & Omar, 2013). This might be due to NPOs are accountable to multiple stakeholders with different needs and expectations leading to difficulties in providing sufficient information in the absence of guidelines

(Hyndman & McDonnell, 2009). Hence, it is crucial to provide a guideline of reporting for NPOs to discharge their accountability and regain the trust of the stakeholders and public at large.

NPOs rely heavily on their websites to communicate activity outcomes, which is a crucial component of good communication with stakeholders. Prior studies on web-based reporting indicate a lower disclosure of Malaysian NPOs than Singapore as the country provides specific guidelines that require all organization to disclose the information through websites (SZA Shah, 2016).

Besides, NPOs are reported as not fully utilised the social media platforms, whereby there were no updates to the current year led to public scepticism of the NPOs activities (Matthews, 2017). Web-based and social media reporting have been widely used and becoming more preference by the stakeholders since they can get instant information about the selected NPOs (Saxton & Guo, 2011). Most of the NPOs have been shifting to use online platform since it provides multiple ranges of marketing and reporting opportunities to engage with stakeholders (Lovejoy, K., & Saxton, G.D. 2012). Moreover, it turned to be the choice of millennials recently whose depend mostly on handpone and laptops to perform daily transaction including online giving (Matthews, 2017).

Since the establishment of the foundation is more stringent as compared to NPOs registered under Societies Act 1966, it is expected for the foundation to discharge more accountability through transparent website reporting to the stakeholders. These issues provide a further area to explore the extent of web-based reporting practices especially for the foundation in Malaysia.

2. Literature Review

2.1. Backgrounds of Foundations

Foundations are known as formal types of NPOs, as they need to abide by legal frameworks and regulations. Othman & Ali (2012) categorised foundations as a type of NPOs in addition to charitable organisations, charitable trusts, and societies. Each entity has its target beneficiaries. Nevertheless, the major common trait of these entities is their 'non-profit seeking.

European Foundation Centre (EFC) defined foundations as, "independent, separately constituted non-profit bodies with their own established and reliable source of income, usually but not exclusively from an endowment, and their governing board" (Wagner, 2013). According to the Council of Foundations, (2015), a foundation is defined as a non-governmental entity that is established as a non-profit corporation or a charitable trust, with a primary purpose of making grants to unrelated organizations, institutions, or individuals for scientific, educational, cultural, religious, or other charitable purposes.

The two broad categories of foundations are private foundation and grant making public charities (Wagner, 2013). The main difference between private foundations and public charities is their financial dependency. A private foundation funds its activities from personal, family, or corporations, and obtains most of the income from a few donors and investments. On the other hand, public foundations (or also be referred as grant making public charities) support its activities through public funding from the government and state.

In Malaysia, NPOs with the revenue less than RM1 million need to be registered with the Registrar of Societies (ROS) Malaysia which is under the purview of the Ministry of Home Affairs. Hence, they are bound by the Societies Act 1966 (Othman & Ali, 2012). However, NPOs that have revenue more than RM1 million can be registered as companies limited by guarantee (CLBG) at the Companies Commission of Malaysia (CCM). Therefore, they are subject to Companies Act 1967. Currently, the foundation incorporated as a "Trust" body are regulated under Legal Unit in Prime Minister's Department and bound with Trust Incorporation Act 1952. There is no precise definition of "foundation" or boundary indicating whether it should be a private or public foundation in the Trustees (Incorporation) Act of 1952.

However, public and private foundation in Malaysia also expected to follow similar characteristics

to categorise the foundation according to sources of fund. The public foundation will receive the money directly from the state fund while private foundations receive a contribution from corporations, other NPOs and individuals.

2.2. Disclosure through web-based reporting

NPOs often being criticize due to limited and lack of reporting accountability discharged to the stakeholders (Licence, 2021). Nevertheless, since the fund received by various parties including government grant, individuals, and corporation funds, the foundation should seek the best mechanism to portray the accountability. Hence, web-based reporting has become the easiest way for the NPOs to inform the communities of the activities in the foundation including fund allocation and various programmes organized for the benefit of the beneficiaries (Gandini et al., 2012). It is becoming a more popular and convenient way to get information instantly about the foundation. Connolly & Hyndman (2004) showed potential users and existing donors are attracted more to the performance information rather than an audited financial statement which often can be found on the websites and social media platforms (Saxton GD, Guo C, 2011). This is in line with the study that showed that social media usage has a very strong positive impact on organizations' performance, in terms of cost reduction, improved customer relations, and enhanced information accessibility (Parveen, F., Jaafar, N.I. and Ainin, S.,2016). Besides, web-based reporting can assist the charity sector in discharging accountability, gaining legitimacy, and sharpening mission-centred managerial decision making (Hyndman, N, McConville, D., 2018).

However, the research related to the disclosure of web-based reporting to the sustainability and accountability of the NPOs is still at the infancy level (Tremblay-Boire, J. and Prakash, A., 2014). The results from Licence (2021) emphasize the web-based accountability of nonprofit organizations highlights more on operational transparency and promotes their goals and operations. Even though the website of the government regulator makes financial performance information accessible to the public, there was a deficiency in disclosure on social and financial performance. There was little more usage of internet forums to encourage discussion and interaction. Gandini et al (2012) reported four main content information to communicate to the stakeholders includes governance, operations, financial results, and social and environmental results. While the homepage component has been the initial step in assessing the foundation websites' accessibility and dependability.

In Malaysia, numerous CLBG Foundations were found to have neither an annual report nor a website of their own. Low levels of accountability, transparency, and governance were discovered in Malaysian CLBG Foundations, which reinforces the necessity of a regulation requiring NPOs (Lokman et al., 2023). The study conducted by Nair et al., (2023) also asserts only 30 percent of NPOs registered under CCM had a website and the foundation did not fully utilized the website for stakeholder engagement. Thus, objective of this paper is to investigate further the extent of website disclosure of foundations registered under Trustee Incorporation Act 1952.

3. Methodology

The study sample comprises of foundations established under Trustee Incorporation Act 1952. The sample of the foundations has been selected from the website of foundation registered under the Legal Department of Prime Ministers' Department. Initially there were 660 foundations listed in the websites, then we refine the numbers into foundations that owned the websites. The total of 122 has been further list down represents the foundation located in Kuala Lumpur and Selangor. This study used a content analysis approach to understand the extent of web-based reporting of foundations. Accountability and disclosure index adapted from Gandini et. al (2012) and Nair et. al (2022) has performed as a tool to measure the level of disclosure contained in the official websites. The selection of items considers the fundamental criteria and KPIs for social responsibility, as suggested by the most

current business literature on accountability as well as the established principles and standards of social reporting.

4. Results and Discussion

4.1. Descriptive Statistics of Web-Based Reporting by the Foundations In Malaysia

Table 1 provides the descriptive statistics for the scores obtained by 122 foundations in Malaysia. These scores are based on five components: homepage, governance, operations, financial, and social. Each foundation is identified by a number, and the presence of a dedicated website is noted with a 'Y' for yes or 'N' for no. The scores for each category vary, reflecting different levels of performance. The total score, which aggregates these category scores, determines the overall rating of each foundation, categorized as excellent, good, average, or poor. Foundations with higher total scores (such as those above 45) are rated as excellent or good, while those with lower scores (below 25) fall into the average or poor categories. Based on the table, of the 122 foundations, 115 (94%) have dedicated websites, while the remaining 7 (6%) do not. In terms of overall ratings, 7.38% of the foundations are rated as excellent, 27.87% as good, 53.28% as average, and 11.48% as poor. The data indicate that while many foundations perform well in certain areas, there is considerable room for improvement, especially in the social and financial components. Additionally, the mean values for these foundations are provided in Table 2.

Table 1.

Homepage, governance, operations, financial & social for Malaysian foundations.

| Foundations | Dedicated website | Homepage (13) | Governance (16) | Operations (11) | Financial (17) | Social (8) | Total/ Indicators |
|-------------|-------------------|---------------|-----------------|-----------------|----------------|------------|-------------------|
| 1 | Y | 12 | 11 | 11 | 11 | 4 | 49 Good |
| 2 | Y | 6 | 6 | 10 | 3 | 2 | 27 Average |
| 3 | Y | 9 | 7 | 8 | 3 | 2 | 29 Average |
| 4 | Y | 8 | 8 | 11 | 8 | 2 | 37 Good |
| 5 | Y | 9 | 0 | 7 | 3 | 0 | 19 Average |
| 6 | Y | 9 | 0 | 9 | 2 | 1 | 21 Average |
| 7 | Y | 6 | 4 | 3 | 0 | 0 | 13 Poor |
| 8 | Y | 7 | 2 | 11 | 3 | 2 | 25 Average |
| 9 | Y | 6 | 0 | 4 | 0 | 0 | 10 Poor |
| 10 | Y | 9 | 7 | 11 | 0 | 8 | 35 Good |
| 11 | Y | 10 | 1 | 7 | 0 | 2 | 20 Average |
| 12 | Y | 9 | 6 | 9 | 10 | 2 | 36 Good |
| 13 | Y | 10 | 0 | 10 | 5 | 2 | 27 Average |
| 14 | Y | 7 | 3 | 10 | 3 | 2 | 25 Average |
| 15 | Y | 7 | 1 | 9 | 2 | 2 | 21 Average |
| 16 | Y | 7 | 9 | 9 | 3 | 1 | 29 Average |
| 17 | Y | 9 | 16 | 10 | 12 | 4 | 51 Excellent |
| 18 | Y | 11 | 6 | 11 | 0 | 2 | 30 Average |
| 19 | N | 1 | 0 | 8 | 0 | 4 | 13 Poor |
| 20 | N | 11 | 8 | 9 | 3 | 8 | 39 Good |
| 21 | Y | 9 | 9 | 11 | 16 | 4 | 49 Good |
| 22 | Y | 4 | 0 | 10 | 6 | 4 | 24 Average |
| 23 | Y | 13 | 11 | 11 | 14 | 8 | 57 Excellent |
| 24 | Y | 13 | 14 | 10 | 10 | 8 | 55 Excellent |
| 25 | Y | 12 | 0 | 4 | 0 | 2 | 18 Average |
| 26 | Y | 7 | 3 | 4 | 0 | 4 | 18 Average |
| 27 | Y | 10 | 16 | 11 | 17 | 8 | 62 Excellent |
| 28 | Y | 9 | 10 | 9 | 3 | 4 | 35 Good |
| 29 | Y | 13 | 5 | 11 | 1 | 4 | 34 Good |
| 30 | Y | 10 | 0 | 5 | 0 | 4 | 19 Average |
| 31 | Y | 5 | 6 | 5 | 0 | 2 | 18 Average |

| Foundations | Dedicated website | Homepage (13) | Governance (16) | Operations (11) | Financial (17) | Social (8) | Total/ Indicators | |
|-------------|-------------------|---------------|-----------------|-----------------|----------------|------------|-------------------|-----------|
| 32 | Y | 13 | 7 | 9 | 3 | 2 | 34 | Good |
| 33 | Y | 7 | 3 | 8 | 3 | 2 | 23 | Average |
| 34 | Y | 9 | 0 | 10 | 0 | 4 | 23 | Average |
| 35 | Y | 6 | 4 | 10 | 3 | 6 | 29 | Average |
| 36 | Y | 5 | 0 | 9 | 4 | 4 | 22 | Average |
| 37 | Y | 5 | 0 | 9 | 0 | 4 | 18 | Average |
| 38 | Y | 8 | 7 | 9 | 3 | 3 | 30 | Average |
| 39 | Y | 10 | 16 | 11 | 0 | 4 | 41 | Good |
| 40 | Y | 10 | 0 | 4 | 3 | 0 | 17 | Average |
| 41 | Y | 10 | 7 | 9 | 3 | 4 | 33 | Good |
| 42 | Y | 9 | 10 | 11 | 12 | 8 | 50 | Excellent |
| 43 | Y | 2 | 5 | 5 | 0 | 0 | 12 | Poor |
| 44 | Y | 13 | 7 | 11 | 0 | 8 | 39 | Good |
| 45 | Y | 13 | 14 | 11 | 0 | 4 | 42 | Good |
| 46 | Y | 10 | 6 | 9 | 0 | 2 | 27 | Average |
| 47 | Y | 7 | 1 | 10 | 0 | 8 | 26 | Average |
| 48 | Y | 8 | 4 | 11 | 0 | 2 | 25 | Average |
| 49 | Y | 8 | 5 | 10 | 8 | 4 | 35 | Good |
| 50 | Y | 7 | 0 | 7 | 0 | 2 | 16 | Average |
| 51 | Y | 12 | 10 | 11 | 11 | 6 | 50 | Excellent |
| 52 | Y | 10 | 4 | 4 | 2 | 6 | 26 | Average |
| 53 | Y | 10 | 11 | 11 | 3 | 2 | 37 | Good |
| 54 | Y | 10 | 16 | 11 | 12 | 4 | 53 | Excellent |
| 55 | Y | 3 | 0 | 0 | 0 | 0 | 3 | Poor |
| 56 | Y | 10 | 16 | 11 | 9 | 6 | 52 | Excellent |
| 57 | Y | 11 | 16 | 11 | 0 | 4 | 42 | Good |
| 58 | Y | 11 | 16 | 11 | 5 | 3 | 46 | Good |
| 59 | Y | 7 | 3 | 7 | 3 | 3 | 23 | Average |
| 60 | Y | 10 | 14 | 11 | 8 | 4 | 47 | Good |
| 61 | Y | 10 | 14 | 11 | 8 | 4 | 47 | Good |
| 62 | Y | 10 | 14 | 11 | 8 | 4 | 47 | Good |
| 63 | Y | 10 | 14 | 11 | 8 | 4 | 47 | Good |
| 64 | Y | 10 | 14 | 11 | 8 | 4 | 47 | Good |
| 65 | Y | 10 | 15 | 11 | 1 | 2 | 39 | Good |
| 66 | Y | 8 | 15 | 11 | 8 | 3 | 45 | Good |
| 67 | Y | 7 | 0 | 0 | 0 | 0 | 7 | Poor |
| 68 | Y | 5 | 5 | 11 | 8 | 4 | 33 | Good |
| 69 | Y | 7 | 4 | 7 | 5 | 4 | 27 | Average |
| 70 | Y | 9 | 14 | 6 | 13 | 3 | 45 | Good |
| 71 | Y | 5 | 0 | 6 | 7 | 0 | 18 | Average |
| 72 | Y | 4 | 4 | 6 | 2 | 0 | 16 | Average |
| 73 | Y | 8 | 12 | 7 | 4 | 4 | 35 | Good |
| 74 | Y | 5 | 6 | 10 | 6 | 2 | 29 | Average |
| 75 | Y | 7 | 9 | 9 | 9 | 4 | 38 | Good |
| 76 | N | 6 | 5 | 9 | 7 | 4 | 31 | Average |
| 77 | N | 8 | 6 | 9 | 3 | 0 | 26 | Average |
| 78 | Y | 8 | 7 | 7 | 6 | 2 | 30 | Average |
| 79 | N | 5 | 0 | 9 | 3 | 2 | 19 | Average |
| 80 | Y | 5 | 9 | 6 | 2 | 2 | 24 | Average |
| 81 | Y | 3 | 8 | 4 | 0 | 4 | 19 | Average |
| 82 | Y | 9 | 12 | 11 | 5 | 2 | 39 | Good |
| 83 | Y | 7 | 12 | 11 | 11 | 2 | 43 | Good |
| 84 | Y | 5 | 3 | 6 | 0 | 0 | 14 | Poor |
| 85 | Y | 1 | 0 | 5 | 0 | 0 | 6 | Poor |

| Foundations | Dedicated website | Homepage (13) | Governance (16) | Operations (11) | Financial (17) | Social (8) | Total/ Indicators |
|-------------|-------------------|---------------|-----------------|-----------------|----------------|------------|-------------------|
| 86 | Y | 9 | 14 | 11 | 7 | 2 | 43 Good |
| 87 | Y | 8 | 12 | 11 | 14 | 2 | 47 Good |
| 88 | Y | 6 | 2 | 10 | 4 | 2 | 24 Average |
| 89 | Y | 9 | 9 | 9 | 11 | 2 | 40 Good |
| 90 | Y | 11 | 5 | 8 | 1 | 3 | 28 Average |
| 91 | Y | 9 | 4 | 6 | 2 | 2 | 23 Average |
| 92 | Y | 11 | 2 | 10 | 4 | 2 | 29 Average |
| 93 | Y | 5 | 8 | 11 | 11 | 2 | 37 Good |
| 94 | Y | 6 | 2 | 6 | 14 | 2 | 30 Average |
| 95 | Y | 8 | 4 | 4 | 8 | 0 | 24 Average |
| 96 | Y | 9 | 7 | 9 | 9 | 2 | 36 Good |
| 97 | Y | 6 | 2 | 9 | 0 | 0 | 17 Average |
| 98 | Y | 6 | 7 | 10 | 4 | 0 | 27 Average |
| 99 | Y | 5 | 4 | 7 | 0 | 0 | 16 Average |
| 100 | Y | 11 | 5 | 7 | 2 | 0 | 25 Average |
| 101 | Y | 6 | 3 | 8 | 0 | 0 | 17 Average |
| 102 | Y | 11 | 12 | 9 | 3 | 2 | 37 Good |
| 103 | Y | 11 | 9 | 11 | 7 | 2 | 40 Good |
| 104 | Y | 10 | 2 | 5 | 0 | 8 | 25 Average |
| 105 | Y | 8 | 0 | 0 | 0 | 0 | 8 Poor |
| 106 | Y | 0 | 0 | 0 | 0 | 0 | 0 Poor |
| 107 | Y | 3 | 0 | 2 | 0 | 0 | 5 Poor |
| 108 | Y | 10 | 0 | 6 | 3 | 1 | 20 Average |
| 109 | Y | 5 | 2 | 4 | 0 | 0 | 11 Poor |
| 110 | Y | 9 | 3 | 6 | 3 | 2 | 23 Average |
| 111 | Y | 4 | 13 | 7 | 11 | 8 | 43 Good |
| 112 | Y | 7 | 8 | 9 | 0 | 1 | 25 Average |
| 113 | Y | 8 | 13 | 8 | 11 | 1 | 41 Good |
| 114 | Y | 9 | 9 | 5 | 1 | 1 | 25 Average |
| 115 | N | 9 | 12 | 10 | 2 | 1 | 34 Good |
| 116 | Y | 5 | 8 | 7 | 2 | 1 | 23 Average |
| 117 | Y | 7 | 8 | 6 | 7 | 1 | 29 Average |
| 118 | Y | 4 | 2 | 7 | 8 | 0 | 21 Average |
| 119 | N | 0 | 0 | 0 | 0 | 0 | 0 Poor |
| 120 | Y | 6 | 7 | 8 | 0 | 1 | 22 Average |
| 121 | Y | 10 | 6 | 9 | 5 | 3 | 33 Good |
| 122 | Y | 9 | 6 | 8 | 6 | 0 | 29 Average |

Note: One mark will be given for any disclosure of each observed item on the Malaysian foundations' website. Interpretation of the total score obtained:
 Below 16 = Poor
 16 – 32 = Average
 33 – 49 = Good
 50 – 65 = Excellent.

Table 2.
 Mean value of homepage, governance, operations, financial & social.

| | Homepage | Governance | Operations | Financial | Social | Total score |
|-------------|----------|------------|------------|-----------|--------|-------------|
| Mean | 7.90 | 6.42 | 8.17 | 4.30 | 2.66 | 29.45 |

The table above presents the average (mean) scores for different components evaluated in a study or assessment. These components are homepage, governance, operations, financial, and social. According to the results shown in Table 2, it reveals that the homepage performs relatively well with an average score of 7.90, and the operations is the strongest with the highest average score of 8.17. Governance

shows moderate performance with an average score of 6.42. In contrast, the financial has a lower average score of 4.30, indicating potential issues, while the social, with the lowest average score of 2.66, highlights the most significant need for improvement. The total mean score across all components is 29.45, suggesting that while areas like operations and homepage are strong, others, particularly financial and social, require more attention and enhancement.

4.2. Web-Based Reporting

The home page is usually the first page visitors see when they access a website, though they may initially see a start page featuring the organization's logo and language options. A well-structured home page that is informative and offers easy navigation to other parts of the site helps create a positive impression of the organization. This approach effectively attracts visitors and encourages them to explore the website further. The analysis of the home page involved the items listed in Table 3.

Table 3.
Home page.

| | Public | | Private | | Total | |
|--|--------|--------|---------|--------|-------|--------|
| General contact number | 16 | 84.21% | 82 | 79.61% | 98 | 80.33% |
| Direct contact number | 15 | 78.95% | 75 | 72.82% | 97 | 79.51% |
| Social media links | 15 | 78.95% | 86 | 83.50% | 90 | 73.77% |
| Feedback form | 15 | 78.95% | 66 | 64.08% | 101 | 82.79% |
| E-mail address | 17 | 89.47% | 88 | 85.44% | 83 | 68.03% |
| Language, navigation tools and contact information | 17 | 89.47% | 89 | 86.41% | 105 | 86.07% |
| Language selection | 4 | 21.05% | 29 | 28.16% | 93 | 76.23% |
| Partial translation of website contents | 3 | 15.79% | 23 | 22.33% | 32 | 26.23% |
| Full translation of website contents | 4 | 21.05% | 25 | 24.27% | 27 | 22.13% |
| Sitemap | 17 | 89.47% | 76 | 73.79% | 42 | 34.43% |
| Search engine | 9 | 47.37% | 47 | 45.63% | 85 | 69.67% |
| Legal notes and disclaimers | 15 | 78.95% | 47 | 45.63% | 62 | 50.82% |
| Links from the home page to dedicated sections: | 16 | 84.21% | 77 | 74.76% | 63 | 51.64% |
| - Governance / About us | | | | | | |
| - Activities | | | | | | |
| - Volunteers | | | | | | |
| - Financials | | | | | | |
| - Fund raising | | | | | | |

Table 3 compares the availability of specific features on the home pages of public and private foundations' websites. These features include general and direct contact numbers, social media links, feedback forms, email addresses, and language or navigation tools. Public foundation websites generally have a higher presence of these features compared to private foundation websites. For example, 89.47% of public foundation websites provide an email address, compared to 85.44% of private ones. Language selection and translation options are less commonly available, with only around 20% of both public and private sites offering full translations. Features like sitemaps and search engines are more common on public websites, while legal notes and disclaimers are slightly more prevalent on private sites. Overall, public foundation websites tend to include these features more frequently than private ones.

Table 4.
Communication on governance.

| | Public | | Private | | Total | |
|---|--------|--------|---------|--------|-------|--------|
| Board of directors/Trustees | 16 | 84.21% | 70 | 67.96% | 86 | 70.49% |
| Board of auditors | 7 | 36.84% | 21 | 20.39% | 28 | 22.95% |
| Officers | 14 | 73.68% | 54 | 52.43% | 68 | 55.74% |
| Board of auditors (Or individual auditor) | 8 | 42.11% | 20 | 19.42% | 28 | 22.95% |
| Individual remuneration of directors and officers) | 13 | 68.42% | 46 | 44.66% | 59 | 48.36% |
| Total remuneration of directors and officers | 12 | 63.16% | 41 | 39.81% | 53 | 43.44% |
| Statute | 12 | 63.16% | 29 | 28.16% | 41 | 33.61% |
| Code of ethics | 12 | 63.16% | 33 | 32.04% | 45 | 36.89% |
| Ethical principles | 13 | 68.42% | 32 | 31.07% | 45 | 36.89% |
| Other internal rules | 8 | 42.11% | 21 | 20.39% | 29 | 23.77% |
| List of stakeholder groups | 10 | 52.63% | 24 | 23.30% | 34 | 27.87% |
| Description of stakeholder groups | 8 | 42.11% | 16 | 15.53% | 24 | 19.67% |
| Involvement of affected SH groups in designing, monitoring and evaluating policies and programs | 11 | 57.89% | 30 | 29.13% | 41 | 33.61% |
| Coordination of activities with other NPOs | 17 | 89.47% | 50 | 48.54% | 67 | 54.92% |
| Coordination of activities with national or local governments and other public organizations | 15 | 78.95% | 54 | 52.43% | 69 | 56.56% |
| Coordination of activities with or financial support from for-profit firms | 15 | 78.95% | 51 | 49.51% | 66 | 54.10% |

Next, Table 4 summarizes the communication of governance-related information on public and private foundations' websites. It covers various aspects such as the presence of boards (directors/trustees and auditors), officers, remuneration details, statutes, codes of ethics, ethical principles, and stakeholder groups. Public websites generally provide more information on these topics than private websites. For instance, 84.21% of public sites mention their board of directors/trustees, compared to 67.96% of private ones. Additionally, public foundation websites are more likely to communicate about coordination with other non-profit organizations (NPOs), government bodies, and for-profit firms. Overall, the data indicates that public foundation websites are more transparent and communicative regarding governance matters than private websites.

Table 5.
Communication on operations.

| | Public | | Private | | Total | |
|--|--------|---------|---------|--------|-------|--------|
| Mission | 19 | 100.00% | 86 | 83.50% | 105 | 86.07% |
| Purpose/Plans | 19 | 100.00% | 93 | 90.29% | 112 | 91.80% |
| History | 17 | 89.47% | 83 | 80.58% | 100 | 81.97% |
| List of core activities, products and services | 19 | 100.00% | 95 | 92.23% | 114 | 93.44% |
| Description of core activities, products and services | 13 | 68.42% | 81 | 78.64% | 94 | 77.05% |
| List of additional activities | 14 | 73.68% | 73 | 70.87% | 87 | 71.31% |
| Description of additional activities, products and services | 12 | 63.16% | 62 | 60.19% | 74 | 60.66% |
| Initiative classification already completed, still underway programmed | 14 | 73.68% | 69 | 66.99% | 83 | 68.03% |
| Geographic areas where the NPO operates | 15 | 78.95% | 72 | 69.90% | 87 | 71.31% |

| | Public | | Private | | Total | |
|--|--------|--------|---------|--------|-------|--------|
| Number of beneficiaries | 14 | 73.68% | 53 | 51.46% | 67 | 54.92% |
| Other performance indicators concerning other NPO's activities | 13 | 68.42% | 61 | 59.22% | 74 | 60.66% |

Table 5 compares the communication practices of public and private foundations concerning their operations on the website. It shows that public foundations are generally more transparent than private foundations in sharing information about their mission, purpose, history, core and additional activities, initiative classification, geographic areas of operation, number of beneficiaries, and other performance indicators. Specifically, 100% of public foundations communicate their mission and purpose/plans, while 83.50% and 90.29% of private foundations do so, respectively. The trend continues with other categories, where public foundations consistently have higher percentages of communication compared to private ones, with overall totals indicating a general preference for comprehensive communication in public foundations.

Table 6.
Financial communication.

| | Public | | Private | | Total | |
|--|--------|--------|---------|--------|-------|--------|
| Financial statements including: SOFP, IS, notes, management discussion and analysis /mission statement | 6 | 31.58% | 20 | 19.42% | 26 | 21.31% |
| Board of auditors' report | 4 | 21.05% | 12 | 11.65% | 16 | 13.11% |
| Online donations | 11 | 57.89% | 47 | 45.63% | 58 | 47.54% |
| Bank account for donations | 11 | 57.89% | 42 | 40.78% | 53 | 43.44% |
| Tax relief and other benefits based on the objective of pursuing a public interest | 7 | 36.84% | 15 | 14.56% | 22 | 18.03% |
| How to donate | 11 | 57.89% | 48 | 46.60% | 59 | 48.36% |
| Sales of NPO's solidarity favours | 6 | 31.58% | 21 | 20.39% | 27 | 22.13% |
| Specific projects that should be financed | 8 | 42.11% | 33 | 32.04% | 41 | 33.61% |
| Money invested in each initiative | 8 | 42.11% | 35 | 33.98% | 43 | 35.25% |
| Total cost for each project | 7 | 36.84% | 30 | 29.13% | 37 | 30.33% |
| Details on money raised | 3 | 15.79% | 25 | 24.27% | 28 | 22.95% |
| Sources of funding by category | 4 | 21.05% | 24 | 23.30% | 28 | 22.95% |
| Largest donors | 4 | 21.05% | 7 | 6.80% | 11 | 9.02% |
| Monetary value of contribution from the largest donors | 3 | 15.79% | 11 | 10.68% | 14 | 11.48% |
| Significant financial assistance received from the Govt | 5 | 26.32% | 21 | 20.39% | 26 | 21.31% |
| Costs due to fundraising initiatives | 6 | 31.58% | 15 | 14.56% | 21 | 17.21% |
| Adherence to donations "charter" | 3 | 15.79% | 12 | 11.65% | 15 | 12.30% |

Table 6 outlines the financial communication practices of public and private foundations' website. Public foundations are generally more transparent in financial disclosures compared to private ones. Public foundations more frequently share financial statements (31.58% vs. 19.42%), auditor reports (21.05% vs. 11.65%), online donation options (57.89% vs. 45.63%), and bank account details for donations (57.89% vs. 40.78%). They also disclose tax relief benefits (36.84% vs. 14.56%), how to donate information (57.89% vs. 46.60%), and sales of solidarity favours (31.58% vs. 20.39%). Additionally, public

foundations provide more information on specific projects needing financing (42.11% vs. 32.04%), investments in initiatives (42.11% vs. 33.98%), project costs (36.84% vs. 29.13%), money raised (15.79% vs. 24.27%), funding sources (21.05% vs. 23.30%), largest donors (21.05% vs. 9.02%), contributions from largest donors (15.79% vs. 10.68%), government financial assistance (26.32% vs. 20.39%), fundraising costs (31.58% vs. 14.56%), and adherence to donation charters (15.79% vs. 11.65%). Overall, public foundations communicate more comprehensively about their financial activities than private ones.

Table 7.
The Social, environment and sustainability reporting.

| | Public | | Private | | Total | |
|--|--------|---------|---------|--------|-------|--------|
| Current social report | 9 | 47.37% | 34 | 33.01% | 43 | 35.25% |
| Previous years social reports | 11 | 57.89% | 46 | 44.66% | 57 | 46.72% |
| Current environmental report | 6 | 31.58% | 10 | 9.71% | 16 | 13.11% |
| Previous years' environmental report | 5 | 26.32% | 13 | 12.62% | 18 | 14.75% |
| Current sustainability report | 3 | 15.79% | 9 | 8.74% | 12 | 9.84% |
| Previous years sustainability reports | 3 | 15.79% | 11 | 10.68% | 14 | 11.48% |
| Current activity report /Outcome/Impact report | 15 | 78.95% | 56 | 54.37% | 71 | 58.20% |
| Previous years activity reports | 19 | 100.00% | 75 | 72.82% | 94 | 77.05% |

Table 7 compares the social, environmental, and sustainability reporting practices of public and private foundations. Public foundations generally report more comprehensively than private ones. Specifically, 47.37% of public and 33.01% of private foundations provide current social reports. Previous years' social reports are shared by 57.89% of public and 44.66% of private foundations. Current environmental reports are disclosed by 31.58% of public and 9.71% of private foundations, while previous years' environmental reports are shared by 26.32% of public and 12.62% of private foundations. Current sustainability reports are provided by 15.79% of public and 8.74% of private foundations, with previous years' sustainability reports being shared by 15.79% of public and 10.68% of private foundations. Current activity reports, or outcome/impact reports, are shared by 78.95% of public and 54.37% of private foundations. Previous years' activity reports are provided by all public foundations 100% and 72.82% of private foundations. Overall, public foundations tend to be more transparent in their social, environmental, and sustainability reporting than private foundations.

5. Conclusion

This study analyses the extent of disclosure among 122 foundations in Malaysia by examining the information on the website of the organisations in relation to homepage, governance, operations, financial and social based on Web-based Accountability Index by Gandini (2012) and Nair et al. (2022).

Results found that half of the total foundations are rated as average on level of web-based disclosure. The highest disclosure item is related to operations followed by homepage, governance, financial and social. Moreover, public foundations are more transparent than private foundations for every items. It shows that public foundation is more accountable compared to private foundation. This is because public foundation received substantial amount of fund from government grant, thus possessing more accountability should be discharged towards the stakeholders. Moreover, being transparent through better disclosure on websites will signal to stakeholders that the foundation is highly accountable to them (Lokman et al, 2023).

Therefore, to improve web-based reporting practices among NPOs in Malaysia, the government may impose a mandatory reporting requirement to encourage NPOs to be transparent in disclosing information about the organization. Better regulations can increase the public confidence towards NPOs and gain public support (Lokman et al., 2023). Furthermore, the Malaysian government may need to establish a single regulatory body or ministry to oversee the operations of all non-profit organizations other than the Companies Commission of Malaysia and the Registrar of Society. The planned agency is expected to supervise foundations as well as other types of charitable organizations registered in Malaysia. A code of good governance tailored to NPOs should also be developed to guide all NPOs in all aspects of accountability and reporting practices. All of these will improve the reporting practices aiming to achieve greater socioeconomic gain and well-being throughout the country.

This study also has a limitation. The study sample only includes foundations in Selangor and Kuala Lumpur, thereby limiting the generalisation of the study for all states in Malaysia. Moreover, this study only cover one types of NPOs which is foundation registered under Trustee Act 1952. Future research can be considered from these limitations to enhance the robustness of the results. To get more extensive result, this study can be extended and data can be collected through qualitative approach.

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