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Accountability mechanisms in Malaysian charitable organizations: A disclosure-based analysis of transparency practices

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ABSTRACT

This study investigates the accountability mechanisms employed by Malaysian charitable organizations in discharging their responsibilities to stakeholders in managing public funds. It examines how these organizations ensure transparency, responsibility, and trustworthiness in donation management through disclosure practices, identifying two key accountability dimensions: legal compliance and reporting requirements encompassing both financial and non-financial aspects of the non-profit sector. A mixed-method approach was employed, incorporating observational surveys of organizational websites and content analysis of annual reports. Data were collected from 251 charitable organizations using a self-constructed index based on structured questionnaires, employing dichotomous questions and Likert scale measurements to assess the accessibility and quality of disclosed information across multiple platforms. Findings reveal significant variations in accountability practices among Malaysian charitable organizations, highlighting both strengths and deficiencies in current disclosure mechanisms. While reporting standards remain inconsistent across organizations, the study demonstrates that comprehensive accountability

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mechanisms across both dimensions significantly influence public trust and donor confidence, particularly amid increased scrutiny of charitable organizations. The study emphasizes that these mechanisms are not merely regulatory expectations but essential requirements for organizations seeking sustained credibility and public support, especially as digital transformation continues to reshape charitable giving practices.

1. INTRODUCTION

Charitable organizations play a crucial role in Malaysia's social fabric, serving as vital intermediaries between donors and beneficiaries, and addressing societal needs that government services may not fully address. These non-profit organizations rely heavily on public donations to fulfill their missions, ranging from disaster relief and healthcare support to religious and educational initiatives (The Sun, 2022). However, this dependence on public funds creates an inherent responsibility to demonstrate accountability and transparency in their operations.

The concept of charitable giving holds particular significance in Malaysia's predominantly Muslim society, where the Islamic principle of sadaqah emphasizes both voluntary and obligatory charitable contributions as means of spiritual purification and social solidarity. The Quranic verse "Do they not know that it is Allah who accepts repentance from His servants and receives charities" (Al-Taubah 9:104) underscores the spiritual foundation motivating charitable giving and establishes divine accountability for the proper management of such contributions. As charitable organizations increasingly adopt digital platforms, traditional accountability mechanisms face new challenges in ensuring transparency and maintaining public trust.

Recent developments in Malaysia's charitable sector highlight the urgent need for robust accountability frameworks. The proliferation of digital donation platforms, coupled with heightened public scrutiny following global organizational scandals, has intensified demands for comprehensive disclosure practices. However, current research reveals significant variations in how Malaysian charitable organizations approach transparency, with many lacking standardized reporting mechanisms across legal compliance and financial disclosure dimensions.

This study addresses a critical gap in understanding how Malaysian charitable organizations navigate the complex landscape of accountability requirements while embracing technological advancement. This research investigates the relationship between comprehensive accountability mechanisms and stakeholder trust, particularly as digital transformation reshapes charitable giving practices. The significance of this investigation extends beyond academic inquiry, as effective accountability mechanisms directly influence donor confidence and organizational sustainability. As Malaysian charitable organizations continue to evolve in response to changing societal needs and technological capabilities, understanding current disclosure practices becomes essential for developing evidence-based policy recommendations and improving sector-wide transparency standards.

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The main research objective is to identify the factors involved in the accountability discharge mechanism of charitable organizations in Malaysia. To achieve this objective, the following specific objectives were examined:

(i) The influence of legal compliance on the accountability discharge of charitable organizations, and

(ii) The relationship between reporting transparency on financial and non-financial matters and the accountability discharge of charitable organizations.

2. LITERATURE REVIEW

2.1 The mechanism of discharging accountability

Discharging accountability involves systematic processes that enable charitable organizations to uphold transparency, responsibility, and ethical conduct toward stakeholders (Gurley et al., 2014). This concept is fundamentally grounded in accountability theory, which posits that organizations must justify their decisions and actions to those who have legitimate interests in their operations. In charitable organizations, these mechanisms serve as critical instruments for maintaining public trust and legitimacy while ensuring effective resource allocation and mission achievement. Accountability theory provides the theoretical foundation for understanding how organizations discharge their responsibilities to multiple stakeholder groups. Kenton (2024) contends that accountability serves as a vital mechanism for improving organizational performance and building stronger relationships with stakeholders. The theory highlights that accountability goes beyond simple compliance, involving the duty to account for and defend organizational actions to stakeholders (Webster's Dictionary, n.d.) Contemporary accountability theory recognizes accountability as a multidimensional construct involving answerability, enforcement, and controllability (Williams & Taylor, 2013). This framework is particularly relevant for charitable organizations where traditional market mechanisms for accountability are absent. Theoretical development has evolved from simple financial stewardship to comprehensive performance accountability, encompassing social impact, governance effectiveness, and stakeholder engagement (Dhanani & Connolly, 2014).

Stakeholder theory in charitable organizations recognizes the multifaceted nature of accountability relationships. Directors must carefully analyze how their choices affect all parties involved, including donors, beneficiaries, and the broader community (Mohd Nawawi et al, 2024). The multifaceted nature creates complex webs of accountability in which organizations must balance competing stakeholder demands and expectations. The board of trustees plays a crucial role in ensuring effective management with integrity, accountability, and efficiency (Giulia et al., 2016). Board composition significantly influences the effectiveness of accountability: larger board sizes promote diversity, enhance monitoring capabilities, and attract more resources. Wellen and Jegers (2014) propose a multiple stakeholder approach to nonprofit governance that recognizes diverse accountability expectations. Donors seek financial transparency and evidence of impact, beneficiaries demand responsive services, regulators require legal compliance, and the general public expects ethical conduct and social value creation.

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Public trust forms the cornerstone of charitable organization legitimacy. Omar and friends (2016) demonstrate that accountability mechanisms help reduce unfavourable conditions and improve economic standards for beneficiaries. Transparency functions as a fundamental mechanism for tackling stakeholder mistrust and strengthening responsible management practices (Parris, 2016). Insufficient openness toward stakeholders heightens doubt and erodes confidence in organizational operations. Trust-building mechanisms extend beyond traditional financial reporting to include stakeholder engagement processes, impact measurement systems, and grievance mechanisms. Burger and Owens (2010) emphasize the importance of self-reported transparency in promoting accountability, noting that organizations that voluntarily disclose information demonstrate a commitment to stakeholder service beyond minimum regulatory requirements.

The discharge of accountability operates within specific legal frameworks that establish minimum governance requirements. In Malaysia, directors must comply with the Companies Act 2016, which requires ethical conduct, transparent reporting, and adherence to regulatory protocols (Mohd Nawawi et al., 2024). For societies and nonprofit organizations, the Registrar of Societies under the Societies Act 1966 governs officials' duties and responsibilities, ensuring constitutional compliance, accurate financial records, and annual reporting. Said and friends (2013) identify board effectiveness, financial management practices, and accountability orientation as key predictors of accountability outcomes in nonprofit organizations. These findings suggest that accountability is not merely a reporting exercise, but instead requires a systematic organizational commitment to transparency and stakeholder responsiveness.

Contemporary accountability mechanisms increasingly incorporate Environmental, Social, and Governance (ESG) considerations. Kingsley (2024) argues that charities with high ESG scores are more likely to attract supporters and donors and to demonstrate commitment to responsible practices. Digital transformation has created new opportunities and challenges for accountability discharge, enabling real-time reporting and stakeholder engagement platforms while raising concerns about data protection (Cordery et al., 2023). Strong nonprofit leadership plays a crucial role in maintaining sustainable accountability by understanding fundraising efforts, maintaining stakeholder relationships, and bringing innovative ideas to ensure organizational sustainability (Te, 2018).

2.2 Legal Compliance Mechanism

Legal compliance mechanisms establish the regulatory foundation through which charitable organizations demonstrate accountability and operate within prescribed legal boundaries. These frameworks vary significantly across jurisdictions, creating distinct approaches to nonprofit governance and oversight. In Malaysia, charitable organizations operate under multiple regulatory instruments depending on their legal structure. The Societies Act 1966 and Companies Act 2016 serve as the primary statutes governing nonprofit organizations, alongside the Income Tax Act 1967 for tax exemption purposes (Lokman et al, 2023). Organizations must register with relevant authorities before participating in activities on behalf of society.

Two main organizational structures dominate the Malaysian charitable landscape. Societies must register with the Registrar of Societies (ROS), which handles registration, regulation, and supervision to ensure that organizations do not adversely affect peace, security, public order, welfare, or morality (JTC Kensington, 2024). Registered societies must submit Form 9 annual returns within 60 days of their Annual

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General Meeting, including financial accounts and balance sheets for accountability purposes (Zainon et al., 2013).

Companies Limited by Guarantee (CLBG) are registered with the Companies Commission of Malaysia as public companies without shareholders (Companies Act 2016, section 11(2)). The Companies Commission prohibits the distribution among CLBG holders and remuneration for non-executive directors (Companies Commission of Malaysia, 2021). CLBGs must include segmental reporting, reveal fund information, and maintain comprehensive transaction records, including supporting documentation.

The Trustees (Incorporation) Act 1952 governs charitable trusts for religious, educational, artistic, scientific research, and social purposes. Approved organizations receive incorporation certificates, enabling them to collect public donations and receive tax exemptions (Ali et al, 2020).

Malaysian regulatory framework incorporates multiple monitoring layers through statutory reporting requirements and regulatory supervision. However, the absence of dedicated nonprofit accounting standards creates challenges for enforcement. Unlike other countries, Malaysia lacks specialized governance codes for charitable organizations and instead relies on fragmented regulatory oversight (Ahmad Muaz et al., 2024).

The governance framework's inadequacy has led to compliance issues and irregularities in financial statement preparation, potentially contributing to corporate scandals and fraudulent activities (Roslan et al., 2017). Recent investigations by MACC into organizations such as Aman Palestin Berhad and Yayasan Akalbudi demonstrate enforcement consequences for regulatory violations.

A cross-country review highlights considerable differences in how charitable organizations are regulated. The United Kingdom implements the Charity Governance Code (2017), which sets out seven principles, including organizational purpose, leadership, integrity, and accountability. Australia operates the ACNC Governance Standards, requiring compliance with five standards covering purposes, accountability, legal compliance, and responsible person duties. In contrast, Malaysia's regulatory landscape remains fragmented across multiple acts without a dedicated charitable governance framework. The fragmentation creates challenges in aligning operations with best practices, leading to inconsistency and difficulties in performance benchmarking (Ahmad Muaz et al., 2024).

The fragmented regulatory environment hinders the effective implementation of governance. Organizations find it difficult to compare performance and assess accountability consistently, leading to weak governance practices (Ahmad Muaz et al., 2024). Adhering to policies and regulations promotes key governance values such as transparency, accountability, and fairness for all stakeholders, helping to structure systems and reinforce decision-maker accountability (Ruhaya et al., 2017).

2.3 Reporting Mechanism

Reporting mechanisms constitute fundamental accountability instruments through which charitable organizations communicate their performance, stewardship, and impact to stakeholders. These mechanisms encompass both mandatory regulatory disclosures and voluntary transparency initiatives that demonstrate organizational effectiveness and responsible resource utilization.

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2.4 Financial Reporting

Financial reporting is the cornerstone of accountability in charitable organizations, providing stakeholders with essential information about resource management and organizational financial health. Charitable organizations that rely on public donations typically prioritize transparency to maintain trust and demonstrate accountability (Ortega-Rodriguez et al., 2020). They regularly disclose annual reports about their financial activities, including donation receipts and fund expenditure with clear cost breakdowns showing program activities, administrative expenses, and operations.

In Malaysia, charitable organizations must comply with varying financial reporting requirements depending on their legal structure. Section 248(1) of the Companies Act 2016 requires directors to ensure that financial statements accurately reflect the company's financial standing, with statements prepared within 18 months of incorporation and within 6 months of the end of each financial year. Organizations registered under the Societies Act 1966 must submit annual financial statements and balance sheets as part of Form 9 returns within 60 days of their Annual General Meeting (Zainon et al., 2013).

Companies Limited by Guarantee (CLBG) face more stringent requirements under the Companies Act 2016, including the requirement to prepare audited financial statements in accordance with Malaysian Financial Reporting Standards and submit them to the Companies Commission of Malaysia (Companies Commission of Malaysia, 2021). Audited financials add credibility through independent auditor verification, ensuring accuracy and compliance with accounting standards (Abdullah et al., 2015). The Malaysian Accounting Standards Board provides audit frameworks for CLBGs, though the lack of specific nonprofit accounting standards poses challenges for financial statement preparation (Lokman et al., 2023).

Financial statement disclosure requirements extend beyond basic reporting to include detailed fund segregation and donor restriction compliance. Organizations must demonstrate proper stewardship of restricted funds and ensure that donations are used in accordance with the donor's specifications (Shazilli et al., 2022). This structured approach to financial reporting strengthens accountability, as demonstrated by New Zealand's experience, where standardized financial reporting formats introduced in 2015 improved transparency and public trust following inconsistent prior reporting practices (Dara Dimitrov, 2025).

2.5 Non-Financial Reporting

Non-financial reporting is an emerging dimension of charitable organization accountability, extending beyond traditional financial metrics to encompass social impact, governance effectiveness, and stakeholder engagement outcomes. Unlike financial reporting, which is based on established accounting standards, non-financial reporting lacks standardized frameworks, creating challenges to measurement consistency (Abdulah & Othman, 2023). However, organizations increasingly recognize the importance of demonstrating effectiveness in achieving charitable objectives and creating social value.

Impact measurement and reporting constitute the primary focus of non-financial disclosure, enabling organizations to demonstrate effectiveness in achieving charitable objectives and creating positive social change. Organizations increasingly adopt various impact measurement methodologies, including Social Return on Investment, outcome measurement systems, and beneficiary feedback mechanisms to quantify and communicate their social value creation. International best practices demonstrate comprehensive project progress reporting that includes beneficiary metrics, infrastructure development data, and long-term impact assessments (GPE Secretariat, 2024).

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Governance and transparency disclosures form another critical component, providing stakeholders with insights into organizational decision-making processes, board effectiveness, and ethical practices. Organizations voluntarily disclose information about board composition, decision-making procedures, conflict-of-interest management, and stakeholder engagement processes (Roslan et al., 2017). Environmental, Social, and Governance reporting has gained prominence as organizations recognize the importance of demonstrating sustainable practices. Kingsley (2024) argues that charities with strong ESG frameworks attract more supporters while contributing to broader sustainability goals. Organizations increasingly provide both digital and physical access to annual reports and financial statements, with digital formats becoming more popular for convenient stakeholder access (Fintrak, 2024). However, the absence of standardized non-financial reporting frameworks creates challenges in ensuring consistency, comparability, and credibility across organizations, highlighting the need for sector-wide standards and guidelines.

3. METHODOLOGY

3.1 Sample and data collection

The study employed a self-constructed index using questionnaire checklists as guidelines. Data were collected through website observation and content analysis of annual reports from 251 charitable organizations registered with the Companies Commission of Malaysia (CLBGs without the "Berhad" designation and still active), Societies, and Trustees. All organizations were required to have functional websites. Data analysis techniques included reliability testing, normality testing, correlation analysis, and regression analysis.

3.2 Scoring the mechanism of discharging accountability

The scoring approach used dichotomous measures and Likert-scale ratings (1-5) to assess the difficulty or ease of finding disclosure information on websites and in annual reports. Items with no disclosure scored zero (0), while disclosed items scored from 2 to 5.

3.3 Development of the conceptual framework

The conceptual framework was developed using regulatory requirements from the Companies Act, Societies Act, and Malaysian Financial Reporting Standards, as well as academic journals, to inform the questionnaire checklist structure.

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A summary of the list of items under each research objective in the questionnaire is listed below:

Table 1. Summary of list of items for Research Objective 1

Research Objective	**Questions**
RO 1: Regulatory Compliance Rate the ease of finding the following information (1 – 5):	1.Board of Directors / Committee Members: [] Not available [] Professional backgrounds [] Terms of appointment [] Names and positions [] Decision-making processes
	2. Compliance Documentation: [] Not available [] Regulatory filings [] Licenses and permits [] Annual returns submission status [] Organizational structure
	3. Financial Compliance: [] Not available [] Annual reports [] Fund utilization reports [] Administrative cost ratios [] Audited financial statements

Table 2. Summary of list of items for Research Objective 2

Research Objective	**Questions**
RO 2: Reporting practices on financial and non-financial matters Rate the disclosure and accessibility (1 – 5)	1 Financial Reporting: [] Not available [] Income and expenditure breakdowns [] Balance sheets [] Cash flow statements [] Audited Annual financial statements
	2 Non-Financial Reporting: [] Not available [] Program impact reports [] Social impact measures [] Environmental impact (if applicable) [] Community engagement reports
	3 Other Key Disclosures: [] Not available [] Comparative data (year-on-year) [] Project-specific fund utilization [] Timely reporting (within mandated deadlines) [] Future plans and projections

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Table 3. Accountability discharge mechanisms and public confidence

Research Objective	**Questions**
Accountability discharge mechanisms	1. Public Trust Indicators: [] Not available []Track record of successful projects [] Transparency in operations [] Organization's reputation []Media coverage and public perception
	2. Donor Confidence Measures: [] Not available [] Clear fund utilization reports [] Testimonials from beneficiaries [] Regular donor updates [] Awards or recognition received
	3. Public Engagement: [] Not available [] Responsiveness to feedback [] Community involvement [] Accessibility of information [] Public reporting frequency
	4. Trust-Building Mechanisms: [] Not available [] Regular stakeholder meetings [] Crisis management procedures [] Complaint handling system [] Public accountability statements

A pilot study was conducted using Cronbach's Alpha values of 0.5 or above to indicate acceptable reliability (Bujang, Omar, Ping Foo, & Hon, 2024). Cronbach's Alpha values ranged from 0.542 (Reporting Practices) to 0.765 (Legal Compliance) to 0.840 (Accountability Discharge Mechanisms), confirming instrument reliability.

4. FINDINGS

4.1 Demographic profile of Charitable Organisations

Table 4 shows that the sample comprises 251 Malaysian charitable organizations: 39.4% societies, 32.3% CLBGs, 28.3% trustees. Critical transparency gaps exist: only 17.5% state financial years and 7.2% provide auditor information, indicating significant financial accountability deficiencies across the sector.

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Table 4. Descriptive statistics of the demographic profile of the charitable organizations

No	Demographic Profile	Frequency (n)	Percentage (%)
1.	Type of Organizations		
	CLBG	81	32.3
	Society	99	39.4
	Trustee	71	28.3
2.	Registration Number Clearly Displayed		
	Yes	181	72.1
	No	70	27.9
3.	Date of Establishment Disclosed		
	Yes	213	84.9
	No	38	15.1
4.	Physical Office Address Provided		
	Yes	233	92.8
	No	18	7.2
5.	Contact Information Available		
	Yes	240	95.6
	No	11	4.4
6.	Website URL Active and Functional		
	Yes	250	99.6
	No	1	0.4
7.	Vision Statement Visible		
	Yes	177	70.5
	No	74	29.5
8.	Mission Statement Visible		
	Yes	195	77.7
	No	56	22.3
9.	Objective Clearly Stated		
	Yes	206	82.1
	No	45	17.9
10.	Target Beneficiaries Identified		
	Yes	233	92.8
	No	18	7.2
11.	Geographic Scope of Operations Specified		
	Yes	216	86.1
	No	35	13.9
12.	Registration with Relevant Authorities Shown		
	Yes	204	81.3
	No	47	18.7
13.	Financial Year Clearly Stated		
	Yes	44	17.5
	No	207	82.5
14.	Auditor Information Available		
	Yes	18	7.2
	No	233	92.8

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4.2 Test of Normality

Normality testing assessed the distribution characteristics using skewness and kurtosis statistics, with values within ±2.0 indicating a normal distribution (Mishra et al., 2019; Hatem et al., 2022). All variables in Table 5 demonstrated values within acceptable ranges, confirming the appropriateness of parametric statistical tests.

Table 5. Test of normality analysis

Variables	Skewness	Kurtosis	Decision
Legal Compliance	0.733	0.141	Normal
Reporting for Disclosure Requirement – Financial and Non-Financial	0.922	0.676	Normal
Accountability Discharging Mechanism of Charitable Organisations	0.251	-0.887	Normal

4.3 Correlation Analysis

Table 6 reveals a significant positive correlation between legal compliance and accountability discharging mechanisms ($r = 0.543$, $p < 0.001$, $n = 251$). This moderate-to-strong relationship indicates that regulatory adherence is a foundational element of organizational accountability.

Table 6. Summary correlation between legal compliance (ro1) and accountability discharging mechanism of charitable organisations

Variable	Accountability Discharging Mechanism of Charitable Organisations	
Legal Compliance	Pearson Correlation	0.543
	Sig. (2-tailed)	< 0.001
	N	251

Table 7 demonstrates a strong positive correlation between reporting for disclosure requirements and accountability discharging mechanisms ($r = 0.767$, $p < 0.001$, $n = 251$). This robust relationship indicates that comprehensive reporting practices significantly strengthen organizational accountability mechanisms.

Table 7. Summary Correlation Between Reporting for Disclosure Requirement – Financial and Non-Financial (RO2) and Accountability Discharging Mechanism of Charitable Organisations

Variable	Accountability Discharging Mechanism of Charitable Organisations	
Reporting for Disclosure Requirement – Financial and Non-Financial	Pearson correlation	0.767
	Sig. (2 tailed)	< 0.001
	N	251

4.4 Multiple Regression Analysis

Table 8 presents the regression model that explains 66.6% of the variance in accountability-discharging mechanisms ($R^2 = 0.666$, $p < 0.001$), indicating robust predictive power.

Table 8. Model Summary

Model Summary	R	R Square	Adjusted R Square	Std Error of the Estimate
1	0.816 [a]	0.666	0.661	1.96066

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Table 9 shows that reporting for disclosure requirements is the strongest predictor ($\beta = 0.568$, $p < 0.001$), while legal compliance makes a moderate but significant contribution ($\beta = 0.141$, $p = 0.002$). Collinearity tolerance values (0.692 and 0.566) indicate an acceptable multicollinearity level.

Table 9. Coefficients for Legal Compliance and Reporting Disclosure

Independent Variables	Standard Coefficients Beta	T	Sig.	Collinearity Tolerance
Legal compliance	0.141	3.179	0.002	0.692
Reporting for disclosure requirement financial and non-financial	0.568	11.588	< 0.001	0.566

5. DISCUSSION

This study investigated the accountability mechanisms employed by Malaysian charitable organizations, examining how legal compliance and reporting practices influence the discharge of accountability. The findings provide significant insights into the current state of transparency and accountability within Malaysia's charitable sector.

The correlation analysis confirms both research objectives, demonstrating that legal compliance ($r = 0.543$, $p < 0.001$) and reporting for disclosure requirements ($r = 0.767$, $p < 0.001$) significantly correlate with accountability discharge mechanisms. These findings align with accountability theory, which posits that organizations must justify their decisions and actions to stakeholders (Gurley et al., 2014). The stronger correlation for reporting practices supports the theoretical framework emphasizing transparency as the cornerstone of charitable organization accountability, consistent with Ortega-Rodriguez et al. (2020), who argue that transparency maintains trust and demonstrates accountability.

The regression analysis reveals that reporting practices emerge as the dominant predictor ($\beta = 0.568$), substantially outweighing legal compliance ($\beta = 0.141$) in explaining 66.6% of the variance in accountability mechanisms. This finding suggests that while regulatory frameworks provide foundational accountability structures, comprehensive disclosure practices drive organizational transparency more effectively. The result supports Burger and Owens' (2010) assertion that organizations voluntarily disclosing information demonstrate commitment to stakeholder service beyond minimum regulatory requirements.

The demographic findings reveal a critical paradox within Malaysia's charitable sector. While organizations with comprehensive reporting practices demonstrate stronger accountability mechanisms, the majority operate with minimal transparency standards. Only 17.5% clearly state financial years, and merely 7.2% provide auditor information, indicating systematic deficiencies in financial accountability disclosure. This contradiction suggests that accountability practices vary dramatically across organizations, with a minority achieving excellence while most maintain only basic compliance.

These findings reflect the fragmented regulatory environment identified in the literature review, where Malaysia lacks dedicated charitable governance frameworks, unlike the UK's Charity Governance Code (2017) or Australia's ACNC standards. The strong correlation between reporting practices and accountability mechanisms ($r = 0.767$) indicates that organizations that invest in robust disclosure practices achieve significantly better accountability outcomes. The relationship between reporting and accountability

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supports the theoretical development from simple financial stewardship to comprehensive performance accountability encompassing social impact and stakeholder engagement (Dhanani & Connolly, 2014).

The research validates the importance of moving beyond compliance-based accountability toward comprehensive transparency frameworks. Organizations that prioritize disclosure practices beyond minimum legal requirements demonstrate substantially stronger accountability mechanisms, suggesting that voluntary transparency initiatives may be more effective than regulatory enforcement alone in driving organizational accountability.

6. CONCLUSION AND RECOMMENDATION

This study examined accountability mechanisms in Malaysian charitable organizations by analyzing 251 organizations, successfully addressing both research objectives. The research demonstrates that legal compliance and disclosure reporting requirements significantly influence accountability discharge mechanisms, with reporting practices serving as the dominant predictor ($\beta = 0.568$) compared to legal compliance ($\beta = 0.141$).

The study reveals a critical dichotomy within Malaysia's charitable sector: while comprehensive reporting practices strengthen accountability mechanisms, most organizations maintain only minimal transparency standards. This finding highlights the urgent need for sector-wide reform to bridge the gap between regulatory compliance and comprehensive transparency practices.

The observational methodology captures disclosed information rather than actual organizational practices, and the cross-sectional design limits the ability to conduct temporal analysis. The self-constructed index may introduce measurement bias, and stakeholder perceptions were not incorporated.

Based on the findings, charitable organizations should enhance their transparency practices through digital platforms and comprehensive disclosure systems, going beyond minimum legal requirements. Regulatory bodies should implement standardized accountability frameworks that balance oversight and organizational flexibility while providing capacity-building support for smaller organizations. Enhanced stakeholder engagement mechanisms and unified governance codes specific to Malaysian charitable organizations would further strengthen sector-wide accountability practices.

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8. CONFLICT OF INTEREST STATEMENT

The authors declare no personal, commercial, or financial interest in this research and affirm the absence of any conflict of interest.

9. AUTHORS' CONTRIBUTIONS

May Sapura binti Mohd Shazilli (Corresponding Author): Conceptualized the research framework, designed the methodology, developed the data collection instruments, conducted literature review, performed statistical analysis, interpreted results, drafted the manuscript, and oversaw the entire research process from conception to completion.
Alia binti Zaidi: Contributed to data collection from charitable organizations' websites and annual reports, assisted in coding and categorizing disclosure information, and supported data entry and verification processes.
Nur Athirah binti Abdul Aziz: Participated in comprehensive data collection activities, assisted in content analysis of organizational transparency practices, and contributed to data quality assurance and validation procedures.
An-Nur Emylia Sabrina binti Amizar: Engaged in systematic data gathering from multiple charitable organization sources, supported analytical categorization of accountability mechanisms, and assisted in preliminary data organization and documentation.
Nur Zahidah binti Mohd Bakaruddin: Contributed to extensive data collection efforts, participated in information verification and cross-checking processes, and supported database management and organization throughout the research period.

10. DECLARATION OF GENERATIVE AI IN THE WRITING PROCESS

Using Claude for the purpose of rephrasing, summarising and concluding, and Grammarly for proofreading and plagiarism checking.

11. DATA AVAILABILITY/SUPPLEMENTARY MATERIALS

All data produced and examined in this study appear within this article.

12. ETHICS STATEMENT

This study was reviewed and approved by the Faculty of Administrative Science and Policy Studies Ethics Review Committee of Universiti Teknologi MARA (UiTM) (Approval No: FERC/01/2025 [AM238]). Data anonymity was strictly maintained throughout the study.

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