Journal of Islamic Philanthropy & Social Finance (JIPSF)
Vol 7 (2), 2025
eISSN: 2590-3942
Published by UiTM Press
Managed by Center for Islamic Philanthropy & Social Finance
Journal homepage: https://journal.uitm.edu.my/ojs/index.php/JIPSF

Social outcome reporting implementation challenges among Malaysian non-profit Islamic organisations

Salsabila Abd. Rahim[a*], Hamizah Abdul Razak[b], Wan Ainul Asyiqin Wan Mohd Razali[c]

[a] *Faculty of Accountancy, Universiti Teknologi MARA (UiTM)*
Email: salsabilaabdrahim@uitm.edu.my
[b] *Faculty of Economic & Management, Universiti Kebangsaan Malaysia (UKM)*
Email: hamizahrazak87@gmail.com
[c] *Faculty of Business, Economics and Social Development, Universiti Malaysia Terengganu (UMT)*
Email: andwan.ainulasyiqin@umt.edu.my

[*] *Corresponding Author*

Article info

Received:
30 June 2025
Received In Revised Form:
26 July 2025
Accepted:
8 August 2025
Published:
1 September 2025

Keywords:
Accountability;
Islamic Accounting;
Non-profit Islamic Organisations;
Social Outcome.

DOI:
10.24191/jipsf.v7i2.7156

Abstract

The Malaysian government, private sector, and society have embraced and advocated the 17 Sustainable Development Goals (SDGs) by the United Nations without marginalising any community or underprivileged population. While multiple institutions have funded Malaysian non-profit Islamic organisations (NPIOs), NPIO management should also be highly accountable for the provided funds with unambiguous track records of conducted activities and programmes through social outcome reports (SORs). Nonetheless, several challenges persist in the process of generating SORs. The current study aims to scrutinise the NPIO challenges related to SORs through a qualitative methodology, namely semi-structured interviews. The findings demonstrated insufficient SOR expertise and skills among NPIOs despite SORs being highly crucial to fulfilling stakeholder expectations. The organisational learning perspectives propounded that NPIOs could transform organisational culture when adequate opportunities were offered. Practically, NPIO regulators in Malaysia, including the Registry of Societies (ROS), and funders can provide pertinent training and equip NPIOs with the necessary skills to produce SOR.

INTRODUCTION

Non-profit Islamic organisations (NPIOs) play a significant role in the Malaysian Muslim community. The NPIOs were founded as a general Islamic movement concentrating on community welfare and social well-being before specialising in managing and resolving specific challenges independently. The Malaysian government also acknowledged NPIOs as "reliable indicators of the feelings, the aspirations, and the concerns of its Malay Muslim-majority electorate" (Weiss et al., 2012). Contemporarily, NPIOs are also managed by other communities, apart from the Malaysian Muslim community, which receives increasing member numbers continuously (Abd Rahim et al., 2020). Meanwhile, only limited academic investigations were conducted on NPIO primarily owing to the confidential nature.

Abdul-Rahman and Goddard (1998) conducted an in-depth ethnographic analysis of the accounting practices and the accountability of two Malaysian State Religious Islamic Councils (SRICs). Resultantly, a significant interaction was demonstrated between accounting practices and religious, personal, and organisational accountabilities. Yasmin and Haniffa (2017) also performed a content analysis to evaluate disclosure practices among Muslim Charity Organisations (MCOs) in the United Kingdom (UK) and discovered only minimal disclosure frequencies without full compliance with the requirements outlined by the reporting agency. The findings postulated the need for religious organisations to self-appraise in terms of reporting practices to ensure high accountability.

Limited research about NPIOs contrasting to the significant function for the community encouraged the current investigation. Generally, religious institutions produce a larger influence on respective believers compared to other organisations. A detailed report of conducted activities has been constantly performed by public entities and private firms to indicate respective commitments to high accountability, especially to stakeholders (Yasmin et al., 2020). Hence, social outcome reporting (SOR) is also necessitated for religious institutions to ensure the adequate fulfilment of societal requirements. Laughlin (1990) delineated that certain academicians prefer a theoretical understanding of religious institutions while emphasising that a thorough understanding necessitates the evaluation of real-life contexts, in which "armchair theorising is not a bad thing, but if it is to have any impact in bringing about real change in organisations, this can only be achieved by immersion in the untidy dynamics of organisational life and identifying how these dynamics actually work".

Hence, analysing the SOR practices among Malaysian NPIOs could enrich the existing social outcome knowledge corpus, as social outcomes are the primary objective of SEs and charity organisations (Nguyen et al., 2015). The current study concentrated on the obstacles experienced by Malaysian NPIOs during the SOR adoption process by applying the organisational learning perspectives to determine implementation success.

LITERATURE REVIEW

An outcome refers to the long-term impact on an individual or society (Hyndman & McConville, 2018b), which requires at least a quarter to half a year to materialise from a particular event, activity, or programme (Manoharan & Singal, 2019; Minzner et al., 2014; Pärenson, 2011). The number of realised outcomes of NPIOs will determine organisational performance as profitability and profit maximisation are not part of the organisational objectives compared to conventional businesses (Tate & Bals, 2018). Moreover, Yang and Northcott (2019) elucidated that client- or beneficiary-driven outcomes indicate a "subjective well-being measure" (cited in Dolan et al., 2016), which demonstrates recipients' experiences, satisfaction, and emotions regarding the received services. Yang and Northcott (2019) discovered that client- or beneficiary-driven outcomes were rated by patients for received therapies and the relationship with the counsellor.

The counsellor would compile and directly discuss the ratings to ensure patients' requirements were completely fulfilled. Similarly, NPIOs should thoroughly understand beneficiaries' needs before developing a pertinent programme, such as a capital scheme for commercial investments or an empowering programme for higher work motivation. Feedback should be collected from the beneficiaries after conducting a programme to evaluate programme effectiveness. The outcome measures should be tailored to the NPIO objective while being capable of encapsulating relevant improvements provided by the programme services (Ebrahim & Rangan, 2014). Thus, effective communication methods should be practised to ensure goal alignment between providers and recipients to achieve the shared objectives without discrepancies or deviations. The SOR was an appropriate measure in the present study investigating the outcome in a specific period after a programme was conducted for several years as relevant impacts required a longer period to be apparent.

Social Impact

The total impact produced by an NPIO on stakeholders is defined as a social impact. No consensus has been reached on the definition, and both terms, namely social impact and social value, can be employed interchangeably. Vanclay (2003), who initiated the term 'social impact', delineated the term as "changes to one or more of the following: people's way of life, their culture, community, political systems, environment, health and well-being, personal property, rights, fears, and aspirations". Accordingly, a social impact happens within an extended period, which poses more challenges to appraise life and cultural alterations in a specific timeframe. Ebrahim and Rangan (2014) also provided a similar perspective that a series of social actions would produce a long-term effect on recipients' life stages.

Prior academicians also employed the logic model to differentiate social outcomes from social impact to delineate the entire process commencing from NPIO activities to outcome realisation. The framework was introduced by Wholey (1979) to depict project management outcomes, outputs, and impacts and elucidate each phase ranging from resource mobilisation to goal fulfilment. The model has also been continuously applied to formulate relevant measures of social impacts (McLoughlin, Kaminski, Sodagar, Khan, Harris, Arnaudo and Mc Brearty, 2009). The process commences from (i) activities (projects, products, or processes to accomplish organisational goals), (ii) outputs (products from a direct activity result in numerical values), and (iii) outcomes (short-term alterations or benefits of the outputs) to (iv) impacts (long-term organisational transformations derived from collective outcomes). Moreover, McLoughlin et al. (2009) extended the framework to increase the understanding of each component with respective functions.

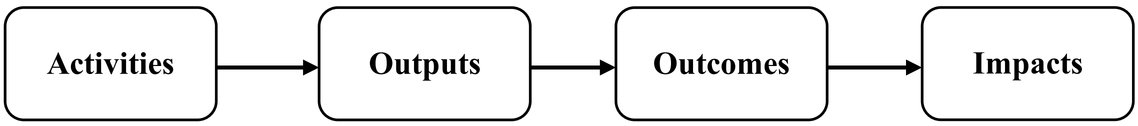

Figure 1. The Logic Model (Wholey, 1979)

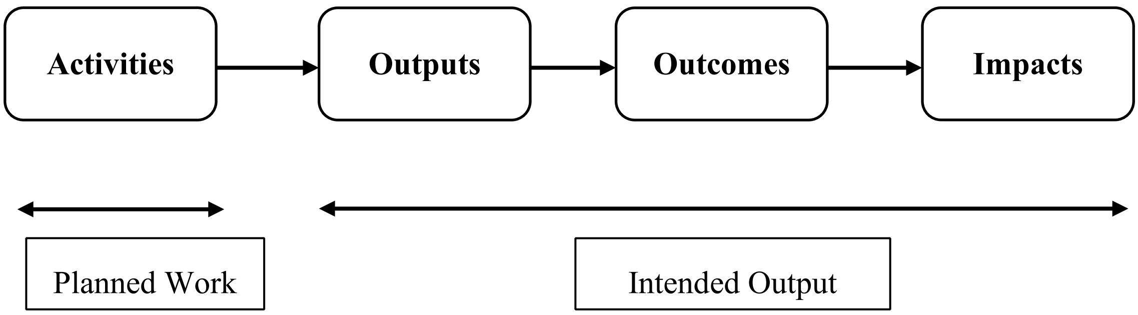

Figure 2. The Extended Logic Model (McLoughlin, 2009)

The distinction between an outcome and an impact is generally reliant on the outcome. For instance, benefits would be provided when events or activities are organised based on organisational objectives. Comparatively, acquired benefits that produce alterations on recipients or communities are considered an impact, which is generally more evident. An outcome should be comprehended before grasping the actual impact as an impact will only be produced after a series of long-term outcomes. Hyndman and McConville (2018a) also elucidated that small-scaled NPIOs encounter challenges in accurately measuring the impact level when an impact can only be determined after producing multiple outcomes in an extended period. A significant amount of funds and technical skills are necessary to produce the desired impact (Schrotgens & Boenigk, 2017).

Therefore, funders generally produce more impacts due to the possession of sufficient resources. This study only examined the social outcome of Malaysian NPIOs instead of social impact due to the limited time and effort. Malaysia is an emerging economy with relatively low resources in terms of funding and manpower.

SOR among Malaysian NPIOS

All relevant NPIO operations, visions, and missions are developed and executed according to Islamic values delineated in the Quran and Sunnah. Nugraheni and Muhammad (2024) underscored that Islamic management and operations are required to be consistent with Islamic values and principles. Thus, NPIO funding is generally from Islamic social finance, including *zakat* and *waqf*, which may lead to higher occurrences of accountability scandals compared to conventional non-profit organisations (NPOs) when NPIOs are constantly compelled to ensure high accountability to stakeholders, such as the Muslim community, donors, and regulators. Yasmin et al. (2020) also highlighted that NPIOs continuously receive high media scrutiny compared to conventional NPOs, which suggested that accountability was frequently questioned by global organisations, especially among non-Muslim-majority nations. Hence, relevant NPIO programmes have constantly received multiple restrictions globally, and an effective accountability framework is pivotal to ensure transparent usage and high organisational reputation (Nugraheni and Muhammad, 2024; Yasmin et al., 2020).

A SOR may assist in guaranteeing organisational accountability compared to public trust, which is subjective and fluctuating (Rosman et al., 2024). While previous researchers also assessed accountability issues among NPOs, relevant investigations were inadequate for NPIOs (Abdul Rahman & Goddard, 1998; Yasmin et al., 2020). Abdul Rahman and Goddard (1998) scrutinised accountability at two Malaysian SRICs while Yasmin et al. (2020) appraised the communicated accountability of UK MCOs.

All relevant NPIO activities should be reported to stakeholders to ensure transparent and appropriate usage of received funds for societal betterment. Yasmin et al. (2020) discovered numerous communication gaps between UK MCOs and respective stakeholders, with only 35% offering full accountability via disclosure recommended by SORP. The contributing factor was the informal organisational structure of MCOs in terms of decision-making and reporting, which highlighted that detailed guidelines should be developed for NPIOs to ensure judgment-based accountability information rather than continually adhering to descriptive disclosure methods (Yasmin et al., 2020).

Furthermore, Ormiston and Castellas (2019) elucidated the two primary dimensions of social outcome or impact movement. The top-down method depends on accountability, particularly in relevant funding. The bottom-up method includes outcome assessments to amplify social impacts. Accordingly, the current study implemented the combination of both top-down and bottom-up methods to scrutinise SORs prepared by NPIOs to demonstrate respective accountability to funders. Both NPIOs and funders were perceived as part of Islamic organisations owing to the deep comprehension of the significance of accountability discharge in Islam.

Organisational Learning

Organisational learning (OL) refers to “the process within the organisation by which knowledge about action-outcome relationships and the effect of the environment on these relationships is developed” (Duncan & Weiss, 1979, as cited in Weick, 1991), which encompasses interpretation systems, sense-making, and information processing. Estes (1988) described OL as information processing to develop a theoretical framework that explicates a collection of events, with cognitive and perceptual operations translating stimuli into codes stored as organised memories (cited in Weick, 1991). Estes’s (1988) definition posited that OL is more private owing to lower direct accessibility and discouraged borrowing, although knowledge accumulation can potentially be achieved through established procedures. Nevertheless, the definition neglects the relationship between cognition and action as the process becomes more automatic due to more external mediating procedures. A lower concentration on shared fundamental components will also be observed owing to the focus on learning differences (Weick, 1991).

The initial OL theory propounded that the learning process involves acquiring knowledge from a specific circumstance with respective responses accordingly, with the provided responses producing positive organisational outcomes (Argyris & Schon, 1978). The following theory postulated that organisations functioned as information processing systems, which can be an open system organisation promoting learning across different organisations through situational factors or a closed system allowing OL only within the organisation (Wang & Ahmed, 2003). Huber (1991) further elaborated the system with four processes, namely (i) obtaining knowledge through grafting, congenital, vicarious, experiential, and searching and identifying learning, (ii) information dissemination that pinpoints the OL happening and width, (iii) information interpretation determined by information load, the number of employed media, the uniformity of information frames and previous cognitive maps, and the degree of necessary unlearning, and (iv) organisational memory for recording and retrieving information that ensures effective learning.

Wallis (2009) emphasised that higher diversity levels or more highly involved partners, job rotations, cross-functional interfaces, and capital investments could facilitate the process of obtaining knowledge. Comparatively, higher interconnections, socialisation, and formalisation allow higher levels of information distribution and usage, which leads to a routine that will generate certain impacts on organisational competencies to acquire further knowledge. A ‘competency trap’ may emerge when an organisation continues the practice of solely employing existing knowledge without further exploring and obtaining additional knowledge.

The third OL theory revolved around the learning culture, especially collaboration, which can effectively foster more learning opportunities and members’ motivation to produce higher quality and innovation (Jones, 1996, as cited in Wang & Ahmed, 2003). The fourth theory was efficacious knowledge management to promote and reinforce the existing organisational knowledge repository (Adler et al.,1999), whereas the fifth theory was related to the proposition of continuous improvements for incremental innovative behaviours through effective learning approaches. Barrow (1993) revealed a significant association between OL and process improvement.

Moreover, Wang and Ahmed (2003) developed the sixth theory, which included creativity and innovation to account for the future of an organisation in terms of creative thinking, knowledge generation, unlearning, and competence oriented while linking achieving organisational sustainability. Wallis (2008) also demonstrated a low robustness level of OL, which posited higher flexibility of this theory to be applied to other domains despite more examinations being required on the dimensions (cited in Wallis, 2009). The current study employed the OL theory as NPIOs should be adequately equipped with the necessary skills before implementing the SOR techniques. The OL framework allows for contrasting distinctive organisational characteristics, which enables underprivileged NPIOs to refer to successful implementation cases.

OL significantly benefited organisational management and members due to the transformation provided on the organisational culture, which emphasised continuous learning rather than solely depending on the existing knowledge repository. The OL framework can also offer a significant competitive edge in the contemporary era with a high focus on the knowledge economy, especially for NPIOs with a low initiative to acquire and practise alternative methods that can engender higher organisational innovation. Accordingly, this study implemented the theory to reduce the information gap between NPIOs and funders or regulators by practising SOR techniques. Continuous funding can only be sustained when NPIOs are perceived to be more accountable when outcome-based information required by funders is provided.

Hence, NPIOs should illustrate how conducted programmes adhere to funders' preferred values via SORs. All NPIOs should also implement a learning culture that emphasises programme outcomes as an integral performance assessment metric by effectively resolving potential and existing barriers.

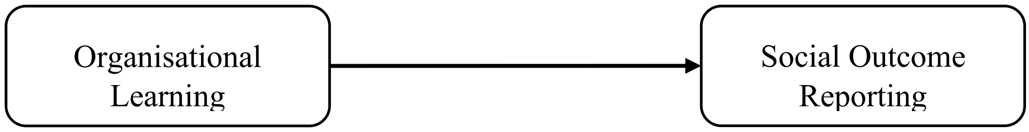

Figure 3. The Impact of Organisational Learning on SOR Practices

METHODOLOGY

A qualitative methodology with two separate approaches, namely semi-structured interviews and non-participatory observations, was applied owing to the distinctive strengths and limitations of each approach. The interviews were performed with 20 NPIO representatives for primary data collection by focusing on three key dimensions, namely the social outcome, reporting transparency, and OL. General interview questions recorded the years and experience in the NPIO secretarial position and the years of remaining with the organisation, whereas specific questions concentrated on the three key dimensions.

The target respondents were individuals primarily involved in preparing, processing, and documenting SORs to provide personal perspectives on relevant practices and significance to funders, who required detailed SORs to elucidate all conducted events to participants or recipients. All of the NPIO interviewed understand the term used in the study; input, output, outcome and impact. They were selected by Majlis Agama Islam Selangor (MAIS) since they were registered as a group of organsitations that receive yearly funding from MAIS. The non-participatory observations, on the other hand were conducted on the programmes organised by MAIS such as "Bengkel Pengurusan dan Pelaporan Effektif" dan "Majlis Persidangan Pertubuhan Islam Bukan Kerajaan". The researchers were able to sit down with the other participants and observe how they prepare their SOR.

Selection of Case Study Site

The establishment of NPIOs in Malaysia has been significant, with over thousands of them registered with the ROS in 2019 (ROS, 2020). The MAIS, along with the other 13 SRICs, has organized the numerous NPIOs founded around Selangor into NGO-is. When compared to other regulators such as ROS and CCM, MAIS disburses zakat as a source of NGO-i financing primarily because NGO-i helps MAIS realize their goals and vision of advising His Royal Highness (HRH) Sultan, as well as guaranteeing human capital, social, and economic advancement. Since zakat must be managed with the utmost responsibility, it is critical to evaluate the role of MAIS in promoting SOR to NGO-is and conveying the latter's accountability. As a result, the researcher sought the MAIS to obtain their list of non-governmental organizations. The term "NGO-i" refers solely to NPIOs that are registered with MAIS; unregistered NPIOs cannot claim this status. The term NPIO in the current study refers to the NGO-i as registered with MAIS. The following are the reasons for using NGO-is in this study:

As a Critical Case

The Organisational Learning idea is best used to describe SOR's method of conveying NPIO accountability to stakeholders. The Organisational Learning outlines how SOR is deployed in NPIO, yet certain NPIO may have problems implementing the report. Simultaneously, some organisations may readily incorporate reporting into their operations. The notion emphasises the significance of a learning culture in NPIO in order to optimize SOR practice. The concepts clearly demonstrate that because the board members of NPIO establish the learning culture throughout the organisation, the board must seize this practice as an opportunity to become an accountable and trustworthy organisation, rather than submitting the report simply because the funders require it.

As a Unique Case

The NGO-i refers to the sole group of NPIOs registered with MAIS since no other SRIC has made such an endeavor. As a result, the NPIO must follow MAIS regulations. MAIS, unlike ROS and CCM, provides money to NGOs in addition to its regulatory role. This unique relationship and link shared by MAIS and NPIO serves as a case for the study to be conducted. The NPIO assist MAIS in achieving its goal and vision through the 10 clusters identified by MAIS. At the time of this study, MAIS required NPIO to report their Social Outcome so that MAIS could filter, monitor, and oversee their financial offers. Because the financing comes from zakat, the accountability discharge via SOR is crucial, as the zakat fund must be administered with care and openness. Meanwhile, non-NPIO may withhold outcome-based data from their reports. Furthermore, these NPIO is the first group to initiate this SOR under the supervision of expert advisors. This demonstrates NPIO's peculiarity in that they grasp outcome-based information better than other organisations. Despite the difficulties in implementing SOR in their organisations, NPIO personnel are familiar with the concepts (input, output, and result) utilised in this study.

As a Representative Case

The fundamental functions carried out by NPIOs are similar: to assist society, especially the Muslim community, in ways that the government and corporate sector are unable to. An understanding of the reporting practices of Islamic organisations and the role that these reports play as a source of transparency for their stakeholders may be gained from the SOR that NPIOs compiled. In the context of this study, SOR is essential for elucidating how the zakat funds provided by MAIS to NPIO are used through year-round program outcomes. Since zakat must be used for specific purposes, the NPIO must answer to MAIS, which is responsible for distributing the zakat to them.

DISCUSSION

All NPIOs are compulsory to perform SOR to MAIS to ensure continuous funding, although a majority are yet to be equipped with the necessary SOR skills owing to the presence of several inherent challenges. Specifically, profit maximisation and cost savings are not the primary objectives of NPIOs compared to conventional organisations or businesses as the key performance indicator of NPIOs is the produced outcomes for recipients. The OL theory (Weick, 1991) also posits that NPIOs may demonstrate different organisational actions to the same stimuli owing to past experiences or to suit the existing organisational structure, which suggests that different outcomes will be produced despite possessing the same objective (Carman & Fredericks, 2010).

Hence, a specific learning context in terms of organisational activities and goals can produce distinctive outcomes, including interpretations, sense-making, and information processing. The purpose of implementing SOR by NPIOs is also to demonstrate adequate accountability despite NPIOs remaining to adapt to the MAIS regulations as certain amounts of time and effort are required to fully understand the entire SOR process. An OL culture should be adjusted accordingly with top management support to ensure smooth SOR implementation. Nonetheless, SOR may lead to additional expenses, such as signalling costs, despite the benefits and possessing diverse skills, knowledge, and resources. The non-profit nature frequently results in incomplete SOR practices, which cannot adequately demonstrate NPIO accountability or signal produced outcomes. Hence, the SMSD of the MAIS developed and offered several training programmes to equip NPIOs with the necessary knowledge and skills and ensure sufficient understanding.

First Challenge: NPIO Top Management Involvement

The NPIO top management plays a crucial function in guaranteeing smooth SOR adoption as outcome-based information is integral to determining organisational performance. The current study respondents highlighted that the top management might occasionally not comprehend the importance of outcome-based information. Relevant secretaries in charge of SORs felt frustrated owing to the communication gap in adequately conveying funders' requirements to top management. For example, a chairman from NPIO 5 delineated a personal focus primarily on accomplishing the NPIO objectives, which led to neglecting SORs. The chairman would only provide personal signatures as approvals for the final reports without perusing the details. The statement also indicated that the organisational secretary was required to perform all MAIS-related tasks. Other secretaries from multiple NPIOs also corroborated the situation and explicated the non-existence of an OL culture, which impeded SOR adoption.

The first OL principle propounds an individual's learning competence and adaptability to a different circumstance, with relevant and subsequent actions potentially benefiting the organisation (Argyris & Schon, 1978). Similarly, NPIO secretaries submitted SORs (circumstance), attended SOR training sessions (action), and reported outcome-based information to the MAIS and top management. Nevertheless, NPIO secretaries' efforts might have been insufficient to ensure successful SOR adoption when top management support was not offered, which was indicated by late SOR submission and indifferent attitudes. The NPIO secretaries were compelled to understand SOR requirements and submit the reports to the MAIS alone to secure funding when organisational resources were not allocated to this area. Wang and Ahmed (2003) emphasised that an organisation requires a collaborative team culture to promote continuous learning and sustain motivation for higher work quality and employee innovative behaviours.

Second Challenge: Collaboration and Networking

An amicable interaction between NPIOs and the MAIS is pivotal as the connection can assist in locating other NPIOs to promote the same value and provide positive outcomes to targeted recipients through a series of events. The relatively young and small-sized NPIOs could acquire crucial learnings from the more experienced NPIOs by collaborating or conducting similar activities. The MAIS underscored that the engagement of different NPIOs within the same group was to ensure shared learning between NPIOs without solely depending on the MAIS. Collaboration on events or activities could aid in consolidating and effectively utilising existing human and financial resources owing to similar organisational objectives. A MAIS representative, namely M1, delineated that frequent arguments occurred between NPIOs in the WhatsApp group chat by accusing others or uttering provocative terms that elicited intense and negative emotional reactions. A mature organisation would not encounter such occurrences, and event collaboration could assist NPIOs in comprehending one another while effectively resolving previous conflicts.

All NPIOs could acquire the necessary knowledge and skills to more efficaciously conduct activities in the future, which could offer more positive societal results consistent with the MAIS goals. Collaboration is also part of OL to guarantee smooth SOR adoption as an NPIO significantly determines peer motivation and the learning process through established cultural values. A smooth SOR adoption process via existing organisational resources would also suggest the capability to provide vital information that can effectively support peers or other NPIOs. Therefore, the MAIS serves as a regulator, funder, and mediator among NPIOs, and the SOR requirement is to ensure all NPIOs fulfil their respective obligations without solely relying on the MAIS for all relevant programmes. While the learning process may necessitate more time and effort, NPIOs should be sufficiently prepared for the latest knowledge acquisition and adapt to different circumstances by developing an OL culture that emphasises high flexibility (Wallis, 2008).

Third Challenge: Innovation and Creative Thinking

Continuous improvements for incremental innovation are part of OL, which necessitates top management support to promote the OL culture to all organisational levels (Barrow, 1993). Accordingly, SOR misunderstanding or low comprehension levels among top management can be resolved by organisational secretaries who have undergone formal and rigorous training. The interview findings demonstrated that all secretaries fully comprehended the significance of SOR, which fostered creative approaches to obtaining and securing funding. The SOR enabled NPIOs to promote relevant events to MAIS and potential investors by providing a competitive edge to sustain organisational operations while remaining highly relevant to society through produced community outcomes. Ilyas et al. (2020) also highlighted that NPIOs should be continuously sustainable to benefit the entire community, with SOR as a signal to the funders for continuous funding. In addition, Wang and Ahmed (2003) postulated that creativity and innovation can aid in addressing the questions about organisational unlearning, creative thinking, the future of an organisation, knowledge creation, OL, and competence-oriented for organisational sustainability. High organisational innovation levels can amplify positive NPIO programme outcomes to recipients and communities and surpass the MAIS requirement while being self-dependent in obtaining more international investments rather than solely relying on the MAIS. A respondent from NPIO 9 elucidated that a road tour was organised by the organisation to develop relationships with potential funders and visually describe upcoming plans and activities, which captured significant interest. The NPIO might also share the experience with other NPIOs to ensure effective collaboration and mutual benefits.

All NPIOs should be capable of adapting to community needs by innovating existing programmes and being creative to secure more funding. Collaboration with other NPIOs and relationships with potential funders could also significantly assist NPIOs in formulating creative and innovative strategies to achieve the desired outcomes. For instance, a brainstorming session can be conducted to allow all NPIOs to share diverse knowledge, skills, and expertise. Additionally, Best, Moffett, Hannibal and McAdam (2018), Goyal et al. (2017), Rey-García et al. (2019), Salim Saji and Ellingstad (2016), and Wallis (2009) emphasised that more distinctive or cross-functional interfaces enabled higher knowledge acquisition and exploration, wherein NPIOs could learn from one another without solely depending on the MAIS for encountered issues and challenges.

Creative and innovative activities with effective outcomes can also be included in the SOR, which signifies the potential for more funding from the MAIS and other funders owing to the higher outcome impact of organised activities. Nevertheless, Bryan et al. (2020), Carman and Fredericks (2010), Levine Daniel and Eckerd (2019), Liket et al. (2014), and Mitchell (2013) acknowledged that NPOs were frustrated with the specific SOR requirement from the funders owing to the preference for practicality or direct instructions. The MAIS might not have fully clarified to NPIOs the effective methods to record and report outcome-based information.

Thus, MAIS training programmes should contain practical sessions on how to adopt SOR without being situated in the 'competency trap' when acquired knowledge cannot be effectively applied (Wallis, 2009). The MAIS also only necessitates SOR for overseeing, reviewing, and regulating NPIO performance without comprehending the difficulties in reporting outcome-based information as the MAIS does not provide SORs to stakeholders. The gap led to most NPIOs not thoroughly understanding the actual definition of social outcomes and could only report outcome-based information based on respective interpretations, which might result in inefficient SOR that did not fulfil MAIS requirements.

CONCLUSION

All NPIOs hold high accountability to the MAIS and other funders, with the only difference being that NPIOs are also accountable to the world after death according to Islamic principles. Simultaneously, Islamic believers perceive the existence of a book recording all deeds performed in the present world, which strengthens the value of documentation as evidence for accountability discharge. All NPIOs are required to protect the MAIS reputation without performing activities that negatively impact Islamic images among the public. While not all NPIOs are fully prepared with SOR skills and requirements, all NPIOs are necessitated to submit SORs to the MAIS for continuous funding. Nevertheless, NPIOs recognised the significance of SOR despite multiple implementation challenges.

Top management understanding and support were also imperative to smooth SOR adoption as the OL theory requires top management to develop an OL culture to reduce the challenges of organisational members in acquiring and practising alternative reporting methods. Simultaneously, collaboration with other NPIOs could resolve several constraints, including low expertise and insufficient funding, and collectively conduct programmes to achieve similar objectives.

ACKNOWLEDGEMENT

Acknowledgement to the Majlis Agama Islam Selangor (MAISS) Social Division Sector for participating in the research

CONFLICT OF INTEREST

The authors affirmed that there is no conflict of interest in this article.

CO-AUTHOR CONTRIBUTION

Salsabila Abd. Rahim was primarily responsible for compiling the literature review, collecting and processing secondary data, analyzing the data, and drafting the article. Hamizah Abdul Razak supervised the research process, provided critical supervision, provided conceptual and methodological direction, and ensured the manuscript adhered to academic rigor and substantive clarity. Wan Ainul Asyiqin Wan Mohd Razali co-supervised the research process, provided input on the results, and assisted in finalizing the article for publication.

AI GENERATIVE DECLARATION

The author declares that generative AI tools were not used in the creation of this article, except for text paraphrasing and cross-checking references. The author assumes full responsibility for the accuracy, integrity, and final content of this work.

RESEARCH ETHICS STATEMENT

The author(s) declare that this study did not involve any human biological samples or data, or animal subjects. Consequently, formal ethics committee approval and informed consent were not required for this research.

DATA AVAILABILITY STATEMENT

The data supporting the findings of this study are available from the corresponding author upon reasonable request, subject to institutional and ethical requirements.

REFERENCES

Abd Rahim, S., Kasim, N., Talib, S.A. & Arshad, R. 2020. Accountability Via Reporting Mechanism: The Case of Pertubuhan Ikram Malaysia. *International Journal of Innovation, Creativity and Change* 10(12): 1–20.

Abdul-Rahman, A.R. & Goddard, A. 1998. An Interpretive Inquiry of Accounting Practices in Religious Organisations. *Financial Accountability and Management* 14(3): 183–201.

Adler, P.S., Goldoftas, B. & Levine, D.I. 1999. Flexibility versus efficiency? A case study of model changeovers in the Toyota production system. *Organization science* 10(1): 43-68.

Argyris, C & DA Schon. 1978. *Organizational Learning: A Theory of Action Perspective. Reading*. MA: Addison-Wesley.

Barrow, J.W. 1993. Does total quality management equal organizational learning. *Quality progress* 26(7): 39-43.

Best, B., Moffett, S., Hannibal, C. & McAdam, R. 2018. Examining networked NGO services: reconceptualising value co-creation. *International Journal of Operations and Production Management* 38(7): 1540–1561.

Bryan, T.K., Robichau, R.W. & L'Esperance, G.E. 2020. Conducting and utilizing evaluation for multiple accountabilities: A study of nonprofit evaluation capacities. *Nonprofit Management and Leadership* (September 2019): 1–23.

Carman, J. & Fredericks, K. 2013. Nonprofits and Accreditation: Exploring the Implications for Accountability. *International Review of Public Administration* 18(3): 51–68.

Duncan, R.B. & Weiss, A. 1979. Organisational learning: implications for organisation design. In *Staw, B. (Ed.): Research in Organisational Behavior*. Greenwich, CT: JAI Press.

Ebrahim, A. & Rangan, V. K. 2014. What impact? A framework for measuring the scale and scope of social performance. *California Management Review* 56(3): 118–141.

Estes, W. 1988. Human Learning and Memory. In *Stevens Handbook of Experimental Psychology,* edited by R. Atkinson. R. Herrenstein, G. Lindsey & R. Luce (Eds.), 2: 351-415. New York, NY: Wiley.

Goyal, S., Sergi, B.S. & Kapoor, A. 2017. Emerging role of for-profit social enterprises at the base of the pyramid: the case of Selco. *Journal of Management Development* 36(1): 97–108.

Huber, G.P. 1991. Organizational learning: The contributing processes and the literatures. *Organization science* 2(1): 88-115.

Hyndman, N. & McConville, D. 2018a. Making charity effectiveness transparent: Building a stakeholder-focussed framework of reporting. *Financial Accountability and Management* 34(2): 133–147. h

Hyndman, N. & McConville, D. 2018b. Trust and accountability in UK charities: Exploring the virtuous circle. *British Accounting Review* 50(2): 227–237.

Ilyas, S., Butt, M., Ashfaq, F. & Acquadro Maran, D. 2020. Drivers for non-profits' success: Volunteer engagement and financial sustainability practices through the resource dependence theory. *Economies* 8(4): 101.

Jones, S. 1996, *Developing a Learning Culture - Empowering People to Deliver a Quality, Innovation, and Long-term Success*. New York, NY: Mc-Graw Hill Book Company.

Laughlin, R.C. 1990. A Model Of Financial Accountability And The Church Of England. *Financial Accountability & Management* 6(2): 93–114.

Levine Daniel, J. & Eckerd, A. 2019. Organizational sensegiving: Indicators and nonprofit signaling. *Nonprofit Management and Leadership* 30(2): 213–231.

Liket, K.C., Rey-Garcia, M. & Maas, K.E.H. 2014. Why Aren't Evaluations Working and What to Do About It: A Framework for Negotiating Meaningful Evaluation in Nonprofits. *American Journal of Evaluation* 35(2): 171–188.

Manoharan, A. & Singal, M. 2019. Organizational effectiveness in hospitality: Managers perspectives. *International Journal of Hospitality Management* 80(January): 123–125.

McLoughlin, J., Kaminski, J., Sodagar, B., Khan, S., Harris, R., Arnaudo, G. & Mc Brearty, S. 2009. A strategic approach to social impact measurement of social enterprises: The SIMPLE methodology, *Social Enterprise Journal* 5(2): 154-178.

Minzner, A., Klerman, J.A., Markovitz, C.E. & Fink, B. 2014. The Impact of Capacity-Building Programs on Nonprofits: A Random Assignment Evaluation. *Nonprofit and Voluntary Sector Quarterly* 43(3): 547–569.

Mitchell, G.E. 2013. The Construct of Organizational Effectiveness: Perspectives From Leaders of International Nonprofits in the United States. *Nonprofit and Voluntary Sector Quarterly* 42(2): 324–345.

Nguyen, L., Wiley, J. & Seymour, R.G. 2015. Social impact measurement in social enterprises : An interdependence perspective. *Canadian Journal of Administrative Sciences/Revue Canadienne des Sciences de l'Administration* 32(4): 224–237.

Nugraheni, P. & Muhammad, R. 2024. The optimisation of Qardhul Hasan management in Islamic banking: enhancing its role in empowering the community. *Journal of Enterprising Communities: People and Places in the Global Economy* 18(3): 469-486.

Ormiston, J. & Castellas, E. 2019. Measuring impact in social entrepreneurship: Developing a research agenda for the 'practice turn'in impact assessment. *A Research Agenda for Social Entrepreneurship* 46-58.

Pärenson, T. 2011. The criteria for a solid impact evaluation in social entrepreneurship. *Society and Business Review* 6(1): 39–48.

Rey-García, M., Calvo, N. & Mato-Santiso, V. 2019. Collective social enterprises for social innovation: Understanding the potential and limitations of cross- sector partnerships in the field of work integration. *Management Decision* 57(6): 1415–1440.

Rosman, R., Redzuan, N.H., Ghani, N.L.A., Noordin, N.H. & Shaharuddin, S.S. 2024. Enhancing Shariah Governance Practice: Insights from the Non-profit Organizations in Malaysia. In *AI in Business: Opportunities and Limitations: Volume 1*, 449-460. Cham: Springer Nature Switzerland.

Salim Saji, B. & Ellingstad, P. 2016. Social innovation model for business performance and innovation. *International Journal of Productivity and Performance Management* 65(2): 256–274.

Schrotgens, J. & Boenigk, S. 2017. Social impact investment behavior in the non-profit sector: First insights from an online survey experiment. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 28(6): 2658–2682.

Tate, W.L. & Bals, L. 2018. Achieving Shared Triple Bottom Line (TBL) Value Creation: Toward a Social Resource-Based View (SRBV) of the Firm. *Journal of Business Ethics* 152(3): 803–826.

Vanclay, F. 2003. International Principles For Social Impact Assessment. *Impact Assessment and Project Appraisal* 21(1): 5-12.

Wallis, S.E. 2008. 'From reductive to robust: seeking the core of complex adaptive systems theory'. In *Intelligent Complex Adaptive Systems*. IGI Publishing: Hershey, PA.

Wallis, S.E. 2009. Seeking the robust core of organisational learning theory. *International Journal of Collaborative Enterprise* 1(2): 180-193.

Wang, C.L. & Ahmed, P. K. 2003. Organisational learning: a critical review. *The learning organization* 10(1): 8-17.

Weick, K.E. 1991. The nontraditional quality of organizational learning. *Organization science* 2(1): 116-124.

Weiss, M.L., Yan, L.S., Martinez, P.A., Hassan, S., Ramakrishna, S. 2012. Social Movements in Malaysia.

Wholey, J. 1979. Evaluation: promise and performance. *The Urban Institute*. Washington DC.

Yang, C. & Northcott, D. 2019. Together we measure: Improving public service outcomes via the co-production of performance measurement. *Public Money and Management* 39(4): 253–261.

Yasmin, S. & Haniffa, R. 2017. Accountability and Narrative Disclosure by Muslim Charity Organisations in the UK. *Journal of Islamic Accounting and Business Research* 8(1): 1–29.

Yasmin, S., Ghafran, C. & Haslam, J. 2020. Centre-staging beneficiaries in charity accountability: Insights from an Islamic post-secular perspective. *Critical Perspectives on Accounting* 102-167

Yin, R.K. 2003. *Applications of Case study research.* 2nd edition. Thousand Oaks, CA: Sage.