

Religious Non-Profit Organisations' (RNPOs) Financial Management in Malaysia: Key Drivers and Insights from the Literature

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Abstract: This study examines the financial management practices of Religious Non-Profit Organisations (RNPOs) in Malaysia, addressing a critical need for improved governance and transparency across religious-based non-profit organizations. Despite the vital role of RNPOs in supporting socio-economic development, existing research primarily focuses on donor intentions rather than the organizational perspective, leaving a significant gap in understanding financial practices. Employing a thematic analysis of key studies, this research explores drivers of financial sustainability, including standardized reporting, accountability measures, and donor engagement strategies. The findings reveal notable disparities in financial disclosures, particularly between Islamic and non-Islamic RNPOs, and highlight the importance of financial integrity in building donor trust. This study proposes a comprehensive approach to enhance financial practices, advocating for the development of standardized reporting frameworks and improved governance mechanisms tailored to the unique needs of multi-faith RNPOs. The insights strengthen the financial credibility and operational effectiveness of RNPOs, providing a foundation for future research and policy development to sustain this essential community organization.

Keywords: *Religious Non-Profit Organisations; Governance; Religious; Financial Accounting and Reporting*

1. Introduction

Religious Non-Profit Organisations (RNPOs) in Malaysia are vital in providing community services and supporting socio-economic development across different religious groups, including Islamic, Christian, Buddhist, Hindu, and Sikh organizations. The landscape of RNPOs in Malaysia is diverse, reflecting the country's multicultural and multi-faith demographic, with over 12,000 RNPOs registered under the Registry of Societies Malaysia (Jabatan Pendaftaran Pertubuhan Malaysia, 2024). However, RNPOs often face significant challenges in financial management practices, particularly concerning transparency, governance, and donor trust. These issues have been well documented in Islamic RNPOs, where frameworks like zakat and waqf require robust governance to maintain public confidence (Hasbullah & Ab Rahman, 2020; Zainon, Atan, Abu Bakar, & Yeow Theng Nam, 2013). Addressing these challenges, effective financial management is essential for maintaining donor confidence and ensuring the sustainability of these well-serving organizations (Atan, Zainon, Aliman, & Yeow Theng Nam, Analysing disclosure practices of religious non-profit organisations using partial disclosure index, 2012; Sharip, Awang, & Ismail, 2019).

The need for this study stems from significant gaps in the existing literature regarding the governance and financial practices of RNPOs across Malaysia's religious contexts. While Islamic RNPOs have received considerable attention due to their management of zakat and waqf funds, there is limited research on non-Islamic RNPOs, such as those representing Christian, Buddhist, and Hindu communities (Hasbullah & Ab Rahman, 2020; Zainon, Atan, Abu Bakar, & Yeow Theng Nam, 2013).

Besides that, a tendency of existing research to focus on donor behavior, including their intentions and motivations to contribute to RNPOs. While such perspectives are valuable, they often overlook the internal organizational challenges related to financial governance and reporting practices. This gap provides a fresh perspective avenue of research by examining RNPOs' internal financial management frameworks, enabling a more holistic understanding of how these organizations can improve their sustainability and better meet donor expectations (Sharip, Awang, & Ismail, 2019).

This study employs a thematic analysis approach to review nine key articles that examine financial management practices, governance structures, and donor engagement within Malaysian RNPOs. The review reveals significant disparities between Islamic and non-Islamic RNPOs, particularly in the implementation of

structured financial disclosures and accountability mechanisms (Atan, Zainon, Aliman, & Yeow Theng Nam, *Analysing disclosure practices of religious non-profit organisations using partial disclosure index*, 2012; Sharip, Awang, & Ismail, 2019). The findings highlight the need for standardized reporting and improved governance practices to strengthen donor trust and enhance the credibility of RNPOs.

The primary objective of this research is to explore the critical drivers of financial management practices among RNPOs in Malaysia. It aims to provide actionable insights into governance, transparency, and donor relations, contributing to the broader discourse on sustainable non-profit management. Recommendations will focus on standardizing financial reporting frameworks, improving governance practices fostering stronger accountability measures across RNPOs, and reviewing the role and impacts of social media on RNPOs' engagement with donors (Atan, Zainon, Aliman, & Yeow Theng Nam, *Analysing disclosure practices of religious non-profit organisations using partial disclosure index*, 2012; Sharip, Awang, & Ismail, 2019).

The remainder of this paper is structured as follows, a comprehensive review of the literature highlights background insights, followed by an analysis of governance and financial reporting practices in RNPOs. The discussion explores identified gaps and presents targeted recommendations for improving financial sustainability. Finally, the conclusion summarises the findings and suggests directions for future research to support RNPOs in Malaysia. This study contributes to non-profit financial management literature by addressing the unique challenges faced by RNPOs in a multi-faith context, emphasizing the importance of standardized governance and financial practices to ensure their effectiveness and sustainability.

2. Literature Review

Religious Non-Profit Organisations (RNPOs) primarily aim to fulfill public religious missions and support their believers through funding from government bodies and the public. The stakeholders involved with RNPOs are highly diverse, comprising governmental authorities, private donors, media outlets, and the general public. Key concerns that are frequently raised center around the governance of RNPOs and the efficiency with which they manage funds (Ab Hasan, Othman, Ibrahim, Md Shah, & Mohd Noor, 2015; Ahmad Ramizi, Romle, & Muhamad Erdris, 2016). Furthermore, there are lingering doubts about whether funds allocated to RNPOs are being utilized as intended, coupled with fears regarding fraud and corruption, often highlighted in contemporary news reports and online articles.

Unlike private corporations, RNPOs in Malaysia are not subject to mandatory financial reporting requirements. Consequently, establishing effective financial control mechanisms is vital for safeguarding funds against misuse and ensuring RNPOs maintain both financial and social integrity. Financial control systems, when integrated with robust corporate governance, are believed to enhance an organization's financial integrity while reducing the likelihood of undetected corruption (Wu, 2005). Effective governance involves monitoring mechanisms, organizational structure (such as boards of directors), corporate ownership frameworks, and performance-based compensation or incentives (Virginia, Eleni, Dimitrios, & Chrysoula, 2009). As a result, examining the financial control practices of RNPOs has become an area of growing public interest, particularly among donors and stakeholders.

Previous studies highlight that deficiencies in financial controls and accountability mechanisms within religious organizations can increase susceptibility to embezzlement and corruption. For example, there was early evidence of the absence of fundamental safeguards against fund mismanagement in churches. (Siino, 2004). Siino (2004) cites cases such as a defrocked priest embezzling over \$250,000 to finance personal expenses, including vacation homes in California. Similarly, another example involved a pastor admitting to stealing \$1.35 million in donations over 26 years from two churches where he served.

Embezzlement and mismanagement are not issues confined to non-profit organizations; public agencies have also faced such challenges. Several incidents involving government-linked Islamic institutions in Malaysia illustrate these vulnerabilities. For instance, a Muslim official in a Malaysian State Islamic Council was sentenced to four years in prison for misusing donations and zakat funds for personal purposes (Utusan Online, 2011). Similarly, a Chief Executive Officer of another Islamic institution faced corruption charges involving the acceptance of luxurious gifts in 2010 (Berita Harian Online, 2017). In a more recent example, an audit

conducted by the Auditor General of Pakistan uncovered financial irregularities amounting to Rs3.67 billion out of Rs5.96 billion in a similar institution (Nasir, 2020). These cases illustrate that financial misappropriations can occur in both non-profit and public religious organizations, especially when effective governance practices are lacking. Consequently, public interest in the transparency and accountability of RNPOs has intensified.

In addition to weak governance practices, the current legal framework in Malaysia does not encourage the adoption of best financial practices within the statutory disclosures of RNPOs. As highlighted by the Prime Minister's Department, most NPOs in Malaysia are not registered under the Companies Act. This exemption relieves them of obligations such as public financial reporting and external audits. Consequently, financial disclosures among Malaysian NPOs remain low. Few organizations publish annual reports and often lack transparency in areas such as financial management, decision-making processes, and policies. Roslan, Arshad, and Mohd Pauzi (2017) suggest that the absence of adequate monitoring mechanisms leaves RNPOs susceptible to fund mismanagement and fraudulent activities. Given the scarcity of publicly available information, stakeholders are unable to verify whether funds provided to RNPOs are being used effectively. This lack of transparency raises concerns that funds could potentially be misused for activities such as money laundering, fraud, or even terrorism financing (The Star Online, 2017).

Currently, Malaysia lacks stringent legal frameworks or regulations governing the management of trust funds by RNPOs. The perceived shortcomings in financial integrity among RNPOs have fuelled calls for improved financial controls to enhance transparency and accountability. However, the absence of statutory financial disclosure requirements does not necessarily imply that RNPOs lack financial controls altogether. Many organizations have implemented internal mechanisms to monitor and manage their financial activities effectively.

Research in governance and accountability within both government and business sectors has produced an extensive body of literature focusing on efficiency, performance, and accountability [e.g. (Mellett, 1997; Brignall & Modell, 2000; Kaplan & Norton, 2001; Shende & Bennet, 2004; Siddiquee, 2005; Afifuddin & Siti-Nabiha, 2010; Mohd Noor, Abdul Rasool, Md. Yusof, Ali, & Abdul Rahman, 2015)]. Nevertheless, literature addressing the governance and financial practices of religious organizations, particularly RNPOs in emerging economies like Malaysia, remains relatively underdeveloped. Recent studies highlight the accounting practices employed by mosques in Malaysia (Zain, Samad, Samsudin, & Armia, 2020). Their findings reinforce the notion that accounting and accountability in religious settings, particularly about internal controls, constitute an under-researched domain.

Religious Non-Profit Organisations (RNPOs) in Malaysia face complex challenges in financial management, including transparency, governance, and donor trust. Despite many studies that have investigated the dynamic role of RNPOs in shaping and contributing to the social and economic development in Malaysia, most of those studies on RNPOs have predominantly focused on individual-level dynamics, such as donor behavior, motivations for giving, and the psychological factors influencing charitable contributions. While these studies provide valuable insights into the personal dimensions of religious giving, they fail to address the structural and organizational challenges that RNPOs face, leaving a significant gap in the literature.

Research into individual-level factors often explores donor trust, religious obligations, and altruism as key motivators for contributions to RNPOs (Mohd Noor, Abdul Rasool, Md. Yusof, Ali, & Abdul Rahman, 2015; Sulaiman, Yahya, & Kadir, 2019). These studies by Mohd Noor et al. (2020) and Sulaiman et al. (2019) have highlighted the importance of religious adherence and personal values in shaping donor behaviors. While these findings contribute to understanding donor engagement, they overlook the operational and financial challenges encountered by RNPOs in managing these contributions effectively.

The lack of organizational-level studies creates a gap in understanding the internal governance, financial management, and operational frameworks of RNPOs. Few studies have explored how these organizations maintain accountability, ensure financial transparency, and implement effective governance practices. For instance, Zainon et al. (2013) emphasize the necessity of robust financial reporting frameworks for RNPOs but note that these practices are often inconsistently applied. Moreover, there is limited research comparing

governance practices across different religious contexts, such as Islamic RNPOs that manage zakat and waqf funds versus Christian or Buddhist organizations that operate under distinct regulatory and cultural frameworks.

While much of the existing research has focused on the individual factors influencing financial practices within RNPOs, such as the attitudes and behaviors of donors, there is growing recognition of the need to shift toward examining organizational-level factors. Studies focusing on individual factors provide insights into donor motivations, trust, and expectations, which are essential for understanding fundraising effectiveness and improving donor relations. However, studies that focus on the organizational perspective offer several advantages, including a broader understanding of structural inefficiencies, governance frameworks, and institutional processes that affect financial integrity. Research at this level can help identify systemic vulnerabilities and develop comprehensive solutions to improve accountability, governance, and operational performance. Therefore, while studies on individual factors remain relevant, future research should place greater emphasis on organizational perspectives to establish more robust financial practices and enhance the overall governance of RNPOs.

Moreover, this imbalance in research focus undermines efforts to develop holistic solutions for enhancing the sustainability and effectiveness of RNPOs. For example, while Islamic RNPOs benefit from established principles such as Shariah compliance, non-Islamic RNPOs often lack equivalent structured frameworks. The absence of comparative studies hampers the ability to identify best practices applicable across Malaysia's multi-religious landscape.

To address these gaps, future research should prioritize organizational-level analyses, examining internal controls, financial governance, and accountability mechanisms. This approach would enable a deeper understanding of how RNPOs operate, overcome challenges, and sustain donor trust. Additionally, investigating the role of technology, such as digital platforms for financial transparency and donor engagement, could provide innovative solutions for addressing the operational challenges faced by RNPOs.

3. Methodology

The study began with a comprehensive review of existing academic literature, reports, and case studies related to the financial management of RNPOs. A total of 9 articles were reviewed, covering publications from 2012 to 2023. The decision to limit the review to 9 articles was driven by several factors:

Focused Scope: The aim was to concentrate on high-quality, relevant studies that provided in-depth insights into key aspects of RNPO financial practices, particularly within the Malaysian context. The selective approach ensured that only the most pertinent articles aligned with the study's objectives were included.

Limited Availability of Organisational Perspective: While many articles related to RNPO financial management exist, a significant proportion of these studies focus on the individual perspective, such as donor behavior, personal motivations for giving, and the psychological factors influencing donations. In contrast, fewer recent studies have concentrated on the organizational perspective, specifically examining governance, transparency, and financial practices at the institutional level within RNPOs.

Relevance to Malaysian Context: Given the unique cultural and religious landscape of Malaysia, the selected articles were chosen based on their applicability to the specific challenges faced by RNPOs operating in this environment.

The reviewed articles addressed critical topics such as governance structures, transparency in financial reporting, donor engagement strategies, and the influence of religious values on financial practices. The literature review was conducted using reputable academic databases, including Scopus, Web of Science, and Google Scholar. Keywords used in the search included "RNPO financial management," "religious non-profit governance," and "donor engagement in Malaysia." The criteria for selecting these articles included:

Alignment with Study Objectives: Articles were selected based on their direct relevance to the financial management practices of RNPOs, focusing on the organizational level rather than individual donor perspectives.

Quality of Analysis: Emphasis was placed on selecting articles with strong empirical or conceptual analysis to ensure the credibility and reliability of the findings.

Focus on Key Themes: The chosen articles provided valuable insights into governance, transparency, and donor engagement, which were critical for the thematic analysis.

By limiting the review to these 9 articles, the study was able to maintain a targeted approach, concentrating on the most significant aspects of RNPO financial management from an organizational perspective. This approach helped address the gap in recent literature that predominantly focuses on individual perspectives rather than examining the broader institutional context.

Thematic Analysis Approach

A qualitative thematic analysis was employed to synthesize the data from the 9 reviewed articles. The process involved several stages:

- **Data Familiarisation:** The selected articles were thoroughly read to gain a comprehensive understanding of their content. Key points and insights related to RNPO financial management were highlighted and summarised.
- **Code Generation:** Open coding was used to identify recurring themes, such as governance issues, transparency practices, donor engagement, and alignment with religious values. The initial codes were refined and grouped into broader categories based on their relevance to the study's objectives.
- **Theme Identification:** The coded data were organized into major themes. Three key themes emerged: Financial Transparency and Reporting, Organisational Challenges and Gaps in Governance Across Religious Non-Profit Organisations (RNPOs), and The Role of Social Media in Donor Engagement. Each theme was supported by multiple codes reflecting specific insights from the reviewed literature.
- **Theme Review and Refinement:** The identified themes were reviewed for consistency and coherence. Any redundant or overlapping themes were consolidated, and the final themes were refined to ensure they accurately represented the key findings from the literature.
- **Reporting the Themes:** The themes were synthesized into a coherent narrative, presented in the Findings section. The thematic analysis process helped distill complex insights from the literature, providing a structured understanding of the critical drivers of RNPO financial management.

The following table is a summarisation of the thematic analysis extracted and developed from the 9 reviewed articles. The table shows the study aspects, objectives, methodology, key findings, gap of studies, and contributions of the reviewed articles.

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Table 1: Table of Analysis for RNPOs Studies

Author and Year	Study Aspect	Objectives	Methodology	Key Findings	Gaps in Studies	Contributions
Roslan, Arshad, & Mohd Pauzi, 2017	Financial Transparency and Reporting	Examine reporting practices of Malaysian NPOs focusing on financial and non-financial disclosures.	Content analysis of 205 NPO annual reports	Limited reporting practices; and non-financial disclosures were more common than financial.	Lack of structured guidance and regulatory oversight in financial reporting.	Highlighted the need for improved transparency in NPO reporting.
Hasbullah & Ab Rahman, 2020	Organizational Challenges and Gaps in Governance	Analyze the role of stakeholders in safeguarding economic welfare during COVID-19 using Islamic perspectives.	Qualitative analysis of financial and community-based relief	Collaboration between RNPOs and government bodies enhanced aid distribution.	Limited focus on how different religious RNPOs manage financial and other aids.	Suggested integration of Islamic financial practices in national crisis management.
Sapingi, Puat Nelson, & Sheikh Obid, 2023	Financial Transparency and Reporting	Assess the extent of disclosure and information asymmetry in Malaysian zakat institutions.	Interviews with zakat managers, payers, and recipients	Significant variation in reporting practices; transparency affected by political influences.	Inconsistent accessibility of zakat reports, affecting stakeholder trust.	Advocated for standardized reporting practices across zakat institutions.
Yusop, Mahmud, Sabli, & Aziz Awang, 2020	Financial Transparency and Reporting	Investigate the sources of funding for Private Tahfiz Institutions and their financial sustainability.	Qualitative interviews with the management of six institutions	Reliance on unstable funding sources like donations and minimal government support.	Inadequate governmental financial support and lack of diversified funding strategies.	Recommended diversifying funding strategies and increasing governmental support.
Atan, Zainon, Aliman, & Yeow Theng Nam, 2012	Organizational Challenges and Gaps in Governance	Evaluate the impact of organizational attributes on the transparency of RNPOs.	Analysis of 83 RNPOs using a Partial Disclosure Index	Larger boards and external audits promote better transparency; and overall low levels of disclosure.	The absence of mandatory disclosure guidelines leads to under-disclosure, especially financially.	Proposed that regulatory bodies consider implementing standards specific to RNPOs.
Zainon, Atan, Abu Bakar, & Yeow Theng Nam, 2013	Financial Transparency and Reporting	Compare disclosure practices of funded vs. non-funded RNPOs.	Content analysis of disclosure in RNPO annual reports	Funded RNPOs disclose more information, particularly if government-funded.	Financial disclosure remains low across all RNPOs, regardless of funding status.	Highlighted the need for enhanced oversight and standardized reporting requirements.
Sharip, Awang, & Ismail, 2019	Organizational Challenges and Gaps in Governance	Review management effectiveness and accountability practices in Waqf institutions.	Literature review on management practices in Waqf institutions	Management challenges include inefficiencies and lack of accountability affecting public trust.	Lack of standardized financial reporting frameworks and poor financial controls.	Advocated for robust financial practices and transparency to restore public trust in Waqf institutions.
Razak, Nik Wan, San, Tumiran, & Abu Bakar, 2022	Financial Transparency and Reporting	Discuss financial accountability and transparency in Malaysia's Tahfiz institutions.	Conceptual review based on various academic sources	TIs often lack standardized financial reporting frameworks, leading to inconsistencies.	Mismanagement and poor financial controls have damaged public trust.	Advocated for improved financial accounting and reporting practices.

Atan, Zainon, Aliman, & Yeow Theng Nam, 2013	Financial Transparency and Reporting	To evaluate financial performance in RNPOs using mission-based ratio analysis.	Analysis of financial statements from 81 RNPOs	Identified efficiency and operating expense ratios as measures of how well RNPOs fulfill their missions.	Lack of standardization in financial statements and reporting, making analysis challenging.	Proposed a performance model using financial ratios that relate organizational spending to their missions.
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4. Findings and Discussions

The thematic analysis of the 9 articles reveals several overarching themes and critical insights into the financial management practices and donor engagement strategies of Religious Non-Profit Organisations (RNPOs) in Malaysia. The analysis also identifies significant gaps in the existing research, highlighting areas for future investigation and policy development.

Financial Transparency and Reporting

One of the primary themes identified across multiple studies is the importance of financial transparency in building donor trust. Articles by Roslan et al. (2017) and Zainon et al. (2013) consistently emphasize that transparent financial reporting is a key factor in enhancing the credibility of RNPOs. Atan et al. (2012) and Atan et al. (2013) also highlight the positive correlation between financial disclosure and donor confidence, emphasizing the necessity of standardized reporting practices across RNPOs to strengthen stakeholder trust. However, significant inconsistencies in financial reporting practices were noted, particularly between Islamic and non-Islamic RNPOs. For example, Islamic RNPOs, adhering to Shariah principles, demonstrate higher standards of financial transparency, especially in the management of zakat and waqf funds that received grants or funds from governmental agencies, as noted by Zainon et al. (2013).

The analysis indicates that there is a lack of standardized financial reporting frameworks for RNPOs, particularly those who have not received direct funds or grants from the government (Zainon et al., 2013). Thus, as highlighted by Atan et al. (2012), there is a need for a uniform financial reporting framework applicable across different religious contexts. Establishing standardized guidelines would improve transparency, facilitate better financial comparisons, and enhance donor trust (Roslan et al., 2017; Razak et al., 2022).

To deepen our understanding of the challenges, problems, and obstacles faced by RNPOs at the organizational level, future research should explore the qualitative aspects of financial management beyond the confines of traditional financial reporting. Investigating the decision-making processes, internal controls, and specific governance mechanisms within RNPOs will provide a more comprehensive view of how financial transparency is implemented and maintained. This approach will enable more studies to focus on identifying the underlying causes of inconsistencies in financial reporting practices observed between different types of RNPOs, especially those not receiving direct government funding.

Additionally, comparative studies could be conducted to assess the effectiveness of existing financial reporting standards across various religious RNPOs, with a focus on uncovering the operational, cultural, and regulatory factors that influence transparency. Such studies would benefit from incorporating case studies and interviews with key stakeholders within these organizations, offering insights into the practical challenges of adhering to standardized financial practices.

Organisational Challenges and Gaps in Governance Across Religious Non-Profit Organisations (RNPOs)

The analysis of existing literature reveals a significant gap in research focused on the organizational perspective of Religious Non-Profit Organisations (RNPOs), particularly in the areas of governance, financial management, and operational frameworks. While several studies, such as those by Sapongi et al. (2023) and Yusop et al. (2020), explore donor behavior and religious influences, these studies primarily address individual-level dynamics rather than the structural and organizational challenges faced by RNPOs.

The literature tends to concentrate on Islamic RNPOs, given the prominence of zakat and waqf as integral components of Islamic charity frameworks. For example, Atan et al. (2012), Zainon et al. (2013), and Hasbullah

and Ab Rahman (2020) discuss the financial reporting and governance practices of Islamic RNPOs, highlighting their emphasis on adherence to Shariah principles. However, there is limited research on the governance and financial management practices of RNPOs in non-Islamic contexts, such as Christian, Buddhist, Hindu, and Sikh organizations.

This narrow focus on Islamic RNPOs fails to capture the broader organizational challenges faced by diverse RNPOs across Malaysia's multi-religious context. Existing studies identify critical issues such as the absence of standardized financial reporting frameworks, inconsistencies in governance practices, and inadequate accountability measures, which impede transparency and sustainability across RNPOs (Atan et al., 2012; Sharip et al., 2019). These challenges not only limit the ability of stakeholders to assess and compare the financial health of RNPOs but also undermine donor trust and organizational credibility.

Addressing these gaps requires a cross-religious approach to examine the RNPO governance and operational practices. Establishing uniform financial reporting frameworks and governance mechanisms applicable to all RNPOs, irrespective of their religious affiliations, is essential for improving transparency, enabling comparative analysis, and fostering donor confidence. Future research must prioritize organisational-level insights to develop practical solutions for enhancing the sustainability and effectiveness of RNPOs in Malaysia's diverse religious landscape.

The Role of Social Media in Donor Engagement

In the digital age, social media has emerged as a powerful tool for organizations to connect with their stakeholders. For Religious Non-Profit Organisations (RNPOs), leveraging digital platforms is particularly significant in improving outreach and engagement with donors. The study by Sharip et al. (2019) highlights the operational advantages of adopting modern strategies, including technology, in improving the effectiveness of Waqf institutions. While the study does not focus solely on social media, it underscores the importance of incorporating digital tools to enhance organizational practices and improve communication with stakeholders.

Social media platforms offer RNPOs cost-effective means of disseminating information about their initiatives, sharing success stories, and fostering a sense of community among donors. Unlike traditional methods of engagement, social media enables organizations to reach a broader audience in real time, making it particularly attractive for connecting with younger, tech-savvy demographics. Through platforms like Facebook, Instagram, and Twitter, RNPOs can showcase their impact, build credibility, and establish transparency—key factors that are increasingly important for maintaining donor trust.

While the short-term benefits of digital engagement, such as increased visibility and donor interaction, are evident, there is limited research examining the long-term effects of social media and digital marketing strategies on donor retention and loyalty. Most studies, such as those by Sharip et al. (2019), focus on operational improvements rather than exploring how consistent and meaningful digital engagement can foster enduring donor relationships. This gap underscores the need for empirical research to determine whether digital strategies lead to sustained donor trust, recurring contributions, and overall organizational resilience.

Hence, there is a pressing need to explore the function and role of social media in elevating engagement between RNPOs and their donors within the Malaysian context. Investigating how these digital platforms facilitate the communication of financial transparency, and the portrayal of RNPOs' social and religious activities could significantly enrich our understanding of their impact. The advantages of studying this perspective include an enhanced comprehension of how social media can be utilized to increase trust and accountability among stakeholders.

Future research should focus on analyzing the strategies employed by RNPOs to engage with their audiences on social media and how these strategies translate into increased financial transparency and donor confidence. It would be particularly valuable to examine how effectively social media can communicate complex financial information and governance practices to diverse donor groups. Additionally, exploring the role of social media in showcasing the real-world impacts of donations on community projects and religious activities could provide deeper insights into its potential to support sustainable fundraising practices and long-term donor engagement. By conducting such studies, we can better understand the potential of social media to transform

donor relationships in the non-profit sector, particularly for RNPOs operating in a multi-religious society like Malaysia.

5. Conclusion

The reviewed literature highlights the critical challenges faced by RNPOs in Malaysia, particularly in financial transparency, governance, and donor engagement. While Islamic RNPOs have relatively structured frameworks due to Shariah compliance, non-Islamic RNPOs lag in financial and operational governance, reflecting the need for unified standards. The role of social media in enhancing transparency and donor relationships is promising but requires further investigation to evaluate its long-term impact on financial sustainability. Addressing these gaps through standardized reporting frameworks, robust governance mechanisms, and innovative donor engagement strategies can enhance the credibility and effectiveness of RNPOs. Future research should prioritize a holistic approach, incorporating cross-religious perspectives and leveraging digital tools, to support the sustainable growth of these vital organizations in Malaysia's diverse religious landscape.

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