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GOVERNANCE REPORTING IN HUMANITARIAN PHILANTHROPIC ORGANIZATIONS

Pelaporan Tadbir Urus di Dalam Organisasi Dermawan Kemanusiaan

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Abstract

This study emphasized on governance reporting of Malaysian humanitarian philanthropic organizations. The organization's responsibilities are to report adequate and comprehensive information on the main activities and revenues to their stakeholders. Therefore, an organization should abide to mandatory reporting and may also voluntarily report other information to enhance the understanding of stakeholder toward the activities. This study observes five selected humanitarian philanthropic organizations are listed on Companies Commission of Malaysia (CCM) which the organizations formed for the non-profit activities. The non-profit organization also known as company limited by guarantee (CLBG). Each company's latest annual report and website had been analyzed using content analysis and evaluation of the level of disclosure by using binomial logic. As a result, this study identifies the governance reporting and disclosure practices by the companies. Comparison between governance reporting in the annual report and website are also made for each of the company. The findings of this study will suggest the need for philanthropic organizations in Malaysia to enhance its governance reporting especially in their annual report. This study provides evidence on governance reporting and complements prior research. The results of the research indicate that maintaining and strengthening governance reporting practices in humanitarian philanthropic organization in Malaysia to the accountability system.

Keywords: Governance Reporting, Voluntary Disclosure, Humanitarian Philanthropic Organizations, Accountability, Company Limited by Guarantee (CLBG).

Abstrak

Kajian ini memberi penekanan kepada laporan tadbir urus organisasi dermawan kemanusiaan Malaysia. Tanggungjawab organisasi adalah melaporkan maklumat yang mencukupi dan komprehensif mengenai aktiviti utama dan pendapatan kepada pemegang kepentingannya. Oleh itu, organisasi harus mematuhi pelaporan mandatori dan juga dengan sukarela melaporkan maklumat lain untuk meningkatkan pemahaman pemegang taruh terhadap kegiatan tersebut. Kajian ini menyaksikan lima organisasi dermawan kemanusiaan terpilih yang disenaraikan di Suruhanjaya Syarikat Malaysia (CCM) yang ditubuhkan oleh pertubuhan-pertubuhan untuk aktiviti bukan berasaskan keuntungan. Organisasi bukan berasaskan keuntungan juga dikenali sebagai syarikat yang terhad oleh jaminan (CLBG). Laporan tahunan dan laman web setiap syarikat terkini telah dianalisis menggunakan analisis kandungan dan penilaian tahap pendedahan dengan menggunakan logika binomial. Hasil kajian ini mengenalpasti pelaporan tadbir urus dan amalan pendedahan oleh syarikat. Perbandingan antara laporan tadbir urus dalam laporan tahunan dan laman web juga dibuat untuk setiap syarikat. Penemuan kajian ini akan mencadangkan keperluan organisasi dermawan di Malaysia untuk meningkatkan pelaporan tadbir urus terutamanya dalam laporan tahunan mereka. Kajian ini memberikan bukti tentang pelaporan tadbir urus dan pelengkap kajian terdahulu. Hasil penyelidikan menunjukkan bahawa mengekalkan dan menguatkan amalan pelaporan tadbir urus dalam organisasi dermawan kemanusiaan di Malaysia ke sistem akauntabiliti.

Kata Kunci: Pelaporan Tadbir Urus, Pendedahan Sukarela, Organisasi Dermawan Kemanusiaan, Akauntabiliti, Syarikat Terbatas oleh Jaminan (CLBG).

INTRODUCTION

Non-profit organization (NPOs) in Malaysia have been divided into several types based on their activities conducted such as health, education, religion, social welfare, charity, nature, humanitarian mission and benefit the community. This paper highlights non-profit organization which actively involved in humanitarian mission or promoting human welfare. There are several problems faced by NPOs stated by Ramli, Ali, and Muhamed (2017) which this sector is abused by terrorist financiers by in challenging economic conditions, nonprofit organizations are exposed to the risk of collapse due to inefficiencies in management and corporate governance same goes with humanitarian philanthropic organization. Annual report is a key component to measure how well the management is doing overall. Accountability is one of the discourses in corporate governance that needs to be emphasized. This study is conducted to analyze the governance practices in humanitarian philanthropic organizations. The objective of this paper is to investigate the reporting of governance practices for humanitarian philanthropic organizations in Malaysia.

Specifically, this study aims to analyze related information about governance through annual reports and websites.

This study examines five selected philanthropic organizations that are listed as CLBG, Companies Commission of Malaysia (CCM), where the organizations are usually formed for nonprofit activities. Therefore, based on the objectives above, the research questions for this study is 1) does humanitarian philanthropic organization report governance information in their annual report and website? 2) what are governance information reports by humanitarian philanthropic organization in their annual report and website? These five humanitarian nonprofit organizations were selected as a sample for this study as they deal heavily on humanitarian and charity funds. Governance information reporting practiced by these five CLBGs, especially on code of conduct, are the key to answer the second research question.

In the next section, the paper continues with the discussion of philanthropic organization, specifically related to humanitarian philanthropic organizations. This paper then relates governance with accountability in the following section. Next, it continues with the research methodology used in the study, followed by a discussion on the findings. Finally, a conclusion is made regarding governance reporting in humanitarian philanthropic organizations in Malaysia and future research area in these area is suggested.

LITERATURE REVIEW

Humanitarian Philanthropic Organizations

There are various categories of philanthropic organization in Malaysia such as health, charity, humanitarian, religious body, sports and other organizations that benefit to the society. Basically, the categories are divided base on their roles, functions and activities. The term philanthropy is indistinct and broadly used specially in showing the distribution of funds for people with different needs in various ways. Daniela (2010) and Stoddard (2003) believe that philanthropic divide by four identities attribute which are the pragmatist, the principle-centered, the solidarist and the faith-based nonprofit organizations (NPO). This paper highlighted the principle centered NPOs which define as organizations that participate in peace operations only on the condition that conflict management will respect the basic principles of humanitarianism.

In the scope of government institution, accountability can be defined as an obligation to government by preparing report and emphasizing proven standard by practicing transparency to public in all aspects. Meanwhile, Saunah et al. (2013) believed that NPOs accountability can be shown with clear expectations for nonprofit activities, for instance, by reporting any activities that give back to the

society in the annual report. This goes to both private and public sectors, where accountability is desired. However, Saunah et al. (2013) claimed that NPOs in Malaysia do not indicate high-quality reporting standards in preparing annual reports for their stakeholders.

Governance

Hyndman & McDonnell (2009) define governance of NPOs as the sharing of rights and responsibilities among and within various involved stakeholders, including the way they are accountable to one another and also relating to the performance of the organizations, in term of setting objectives or goals. Governance and accountability complement each other. Accountability ensures any decision, action, and activity done by organizations meets their stated objectives, mission and vision, thereby contributing to better governance. For Islamic philanthropic organizations, governance is increasingly in the spotlight. Stakeholders and the general public are demanding more transparency and accountability of organizations of all kinds. Undeniable, accountability is a core value of a public management institution as it pledges for fair and democratic governance. Unfortunately, many practitioners take this matter for granted due to the absence of reporting standards and code of nonprofit organization governance. Herzlinger (1994, 1996) had explored accountability of NPOs by proposing a code of best practice for nonprofit boards.

Humanitarian Philanthropy Organization Governance

The principles and practices that make up good governance are keys to the effectiveness, success and long-term sustainability of nonprofit organizations. Good governance is an integral part of the overall management process of an organization, covering finance, administration, program implementation, monitoring and evaluation, human resources and communications, and is therefore high on the agenda in all sectors; public, private, and nonprofit. Governance refers to the processes and structures used to direct and manage an organization's operations and activities. It defines the division of power and establishes mechanisms to achieve accountability among stakeholders, the board of directors and management (Rassart & Miller, 2013). However, Ramli and Ramli (2016) believe that good practice of corporate governance can be linked with corporate performance and shariah governance. As with corporate governance, humanitarian philanthropic organizations also have to ensure the robustness of their governance to enhance stakeholder confidence. This paper will be discussing the eight (8) dimensions of integrated reporting structures which are 1) organizational overview and external environment, 2) governance, 3) business model, 4) risk and opportunities, 5) strategy and resource allocation, 6) performance, 7) outlook and 8) basis of preparation and presentation.

Integrated Reporting (IR)

IR defined differently by scholar and improved over time. Rossouw (2011) stated that IR is a disclosure of forwards looking information, assurance on the quality of this type of information, annual presentation, positive aspect and challenges, holistic and integrated view on financial and sustainability elements. Robert et al. (2011) mentioned that IR provides benefit to the management as it gives better understanding and clearly articulated statements about the relationship between financial and non-financial performance. IR also provides better risk management and better engagement with current and prospective employees and other stakeholders. Busco, et al. (2013) stated that an IR is a process that results in communicating through the annual integrated report which creates value over time. IR offers a concise, stand-alone communication about how an organization's strategy, governance, performance and prospect lead to the creation of value over the short, medium and long term.

By time, IR have wider definition and concept. Villiers and Rinaldi (2014) found that rapid development of integrated reporting policy, and early developments of practice, present theoretical and empirical challenges because of the different ways in which integrated reporting is understood and enacted within institutions.

Flower (2015) suggested a guidelines of an integrated reporting. The guidelines highlight the importance of integration the voices and values of different communities and natural world, not a narrow range of corporate dialects. Besides, the guidelines proposed the integrated reporting to be an appropriate blend of scientific, economic financial, statistic, ethical, and aesthetic narratives which enable flexible engagements involving different stakeholders representing plurality of interests, epistemological and ontological perspectives. Melloni (2017) in his paper discussed about disclosure conciseness, completeness and balance in integrated reports. The research found that early adopters show that in the presence of an organization's weak financial performance, the IR tends to be significantly longer and less readable (i.e., less concise), and more optimistic (i.e., less balanced). Besides, the research found also less information on their sustainability performance of the early adopter of IR.

NPOs characteristic have relationship with the excellence of integrated reporting. The type of industry, size of an entity, the profitability and composition of the board of directors, all have an effect on the quality of the integrated reporting (Buitendag, 2017). Dissatisfied with the conventional economics and its limitations to address economic problems of today, there is need to have a more realistic generic theory of economics capable of explaining economic behavior of any society given the

socioeconomic and institutional parameters of that society (Khan, 2013). Therefore, there is a need of IIR framework in humanitarian philanthropic organization.

Communication Tool of Nonprofit Organization

A communication tool of NPO is an interaction medium for NPO to communicate with their stakeholder. Communication tools are important to stakeholder to know what going on in the organization in term of financial, activities and governance. Annual report is one of the communication tools for nonprofit organizations to communicate with their stakeholder (Saunah, 2013). In Malaysia, there are no annual report guidelines for NPOs to have a standardized form of disclosures in the annual reports; hence, the contents provided are not consistent. The presence of such uniformity enhances comparability and provides interested parties with useful information to evaluate organizations' effectiveness and efficiency for decision making. Besides, Saxton and Guo (2011) found that internet-based technologies have led to an increased ability of an organization to disclose information needed by stakeholders. Ramli and Kamaruddin (2017) had investigated web-based disclosure of nonprofit organization (zakat institutions). Website being a contemporary communication tool for NPOs (Kaur, 2014).

RESEARCH METHODOLOGY

This study examines five selected philanthropic organizations that are listed on Company Limited by Guarantee (CLBG), Companies Commission of Malaysia (CCM), where the organizations are usually formed for nonprofit activities. Each company's latest annual report and website had been analyzed using content analysis. This study uses annual reports and websites as a communication tool for nonprofit organizations. The levels of disclosure in the websites and annual report are examined using binomial logic. Therefore, as for recording process, a code of one (1) is assigned if the item is disclosed, while a code of zero (0) is assigned if the item is not disclosed. These CLBGs were chosen because they have the nature of nonprofit organization which is serving the public or society by using donated fund. Besides, all CLBGs are actively involved in domestic and global humanitarian missions. Similarity between all selected CLBGs is doing activities that reflect their organizations are humanitarian philanthropic organizations. These CLBGs also carry out charity and humanitarian activities. However, this paper focuses to highlight the comparison in terms of leveraging the organizations empire globally and disclosure practice in reporting humanitarian relief. CLBG A is one of the CLBGs originated from Birmingham, United Kingdom. Meanwhile, the rest are nonprofit organization that was founded in Malaysia. In addition, all of them use names that indicate their organizations are humanitarian philanthropic organizations.

Profile of the CLBG

CLBG A is an independent humanitarian and development organization founded in the United Kingdom in 1984 by a group of concerned postgraduate students. With a presence in over 40 countries across the globe, they stated that they wish to make the world a better and fairer place for the people still living in poverty. CLBG B is an organization that conducts humanitarian relief in disaster and conflict affected localities such as Syria, Bangladesh, Nepal and Penang. At the same time, they serving communities in need such as the urban poor, refugees and displaced peoples in Malaysia, who have little access to good medical or dental services due to their social status. CLBG C is a body established under the Trustee (Incorporation) Act 1952 (Act 258) on 5 March 2009 aimed at alleviating the hardship among orphans, disabled, needy and those affected by any disaster and for scholarships or give an incentive to individuals or groups on the work of education or research work in Malaysia.

CLBG D is a humanitarian organization registered under the Trustee Act 1952, with the primary objective of assisting those affected by natural disasters or armed conflicts, both local and abroad. In 2014, CLBG D received special consultative status from United Nation (UN-ECOSOC) which enables them to participate in UN deliberations. Besides, the vision of this CLBG is to be an effective and efficient humanitarian organization in delivering aid to those in needs. CLBG E is a humanitarian relief network covers south East Asia Archipelago including the Philippines, Cambodia, Southern Thailand and Vietnam; war-torn countries in the Middle East such as Palestine, Syria, Lebanon and Iraq; the stateless and displaced Rohingya people, as well as disaster-stricken areas regardless of racial and religious boundaries. This CLBG also active in Malaysia in providing temporary shelters, rebuilding homes and provision of fresh water in the flood areas. Based on the literature review, this study has summarized the themes of related governance of humanitarian philanthropic organizations as in Table 1:

Table 1: Theme & Sub-theme - Governance Reporting in Humanitarian Philanthropic Organizations

No.	Theme / Content	Sub- theme - Section related to governance disclosure	Sources
1)	Organizational overview and external environment	Number of employees revenue and Number of countries in which the organization operates Code of Conduct	(Abeysekera, I., 2013) (Wan Ainul Asyiqin, Roshayani, & Normah, 2013)
2)	Governance	Board size, Board vision & mission Board engagement, Board efficiency,	(Abeysekera, I., 2013) (Omar & Arshad, 2016) (D.Young, 2011)

		Board commitment, Board with political connection Board professionalism Board Role Board Evaluation Board Background Nationality Diversity	
3)	Business Model	Input, Business activities Outputs Outcome	(Abeysekera, I., 2013)
4)	Risks and opportunities	Organization effect on, and The continued availability, Quality and affordability of, Relevant capitals in the short medium and long term.	(Abeysekera, I., 2013)
5)	Strategy and resource allocation	Organization's strategic objectives Intends to implement Resource allocation plans How it will measure achievement Target outcomes for the short medium and long term.	(Abeysekera, I., 2013)
6)	Performance	Key stakeholder relationship Stakeholder Type Stakeholder Engagement Empowerment Collaboration Involvement Negotiation Consultation Information	(Abeysekera, I., 2013) (Kaur, 2014) (D.Young, 2011)
7)	Outlook	Changes over time Analysis about the organization's expectation about external environment How the organization respond	(Abeysekera, I., 2013)
8)	Basis of preparation and presentation	Summary of organization's materiality determination process Description of the reporting boundary Summary of the significant frameworks	(Abeysekera, I., 2013)

Table 1 shows the dimensions that are related to integrated reporting and governance information. The dimensions highlight which governance information should be

disclosed in humanitarian philanthropy organizations’ annual reports and websites. This paper discusses the eight dimensions of integrated reporting in humanitarian philanthropic organizations structure which are organizational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook and basis of preparation and presentation. The first dimension is management of humanitarian philanthropy organizations. Table 2 portrayed the key measurement component in management of humanitarian philanthropic organization based on previous research. Presence of number of employees stated number of countries in which the organization operates stated and code of conduct in the annual reports and websites are analyzed in this paper. Therefore, this study has summarized the themes of related governance of humanitarian philanthropic organizations as in Table 1.

Table 2: Key Measurement Component in Annual Report & Website - Organizational Overview and External Environment

No	Element	Measurement
1)	Organizational overview and external environment	Stated number of employees revenue and Stated number of countries in which the organization operates Presence code of conduct

The second measurement is related to the measurement used to measure an organization by identifying their board characteristics. There are 11 characteristics that identified from previous research to evaluate a robust board governance in a well established organization. Table 3 illustrates the board characteristics that include board size, vision, mission, engagement, efficiency, commitment, political connection, professionalism, role, evaluation, background and board nationality diversity. The measurement of each key measurement component as below:

Table 3: Key Measurement Component in Annual Report & Website – Governance

No	Governance	Measurement
1)	Board Size	Total number of board of directors
2)	Board Engagement	Programs expenses divided by total expenses
3)	Board Vision & Mission	Presence of board vision & mission statement
4)	Board Efficiency	Total revenue to total number of board members
5)	Board Commitment	Percentage of total expenses directly incurred for the charitable purposes to total revenue
6)	Board with political connection	Percentage of board members with political connections to total number of board members

7)	Board professionalism	Professional background
8)	Board's role	Section/ Manual of board roles
9)	Board evaluation	Board / Trustee Expenses
10)	Board Background	Board Profile Education Age
11)	Nationality Diversity	Presence of foreign member Nationality Expert

Next, the dimension is shown in Table 4, which focuses on business model. There are four components in this dimension, namely input, business activities, outputs and outcome. The measurements of the components are specified as below:

Table 4: Key Measurement Component in Annual Report & Website - Business Model

No	Business Model	Measurement
1)	Input	Presence or highlighting in the disclosures
2)	Business activities	
3)	Outputs	
4)	Outcome	

Key measurement component in annual report and website also identify by risks and opportunities. Table 5 expand the risks and opportunities elements which are organization effect on, the continued availability, quality and affordability of and relevant capitals in the short, medium and long term. The measurement of the elements are identified by the presence of the element in the disclosures.

Table 5: Key Measurement Component in Annual Report & Website - Risks and Opportunities

No	Risks and Opportunities	Measurement
1)	Organization effect on	Presence or highlighting in the disclosures
2)	The continued availability	
3)	Quality and affordability of	
4)	Relevant capitals in the short medium and long term	

Besides, key measurement component in annual report and website are identify by strategy and resource allocation. Table 6 shows the strategy and resource allocation

elements which are organization’s strategic objectives, intends to implement, resource allocation plans, how it will measure achievement and target outcomes for the short, medium and long term. The measurement of the elements are identified by the presence of the element in the disclosures.

Table 6: Key Measurement Component in Annual Report & Website - Strategy and Resource Allocation

No	Strategy and Resource Allocation	Measurement
1)	Organization’s strategic objectives	Presence or highlighting in the disclosures
2)	Intends to implement	
3)	Resource allocation plans	
4)	How it will measure achievement	
5)	Target outcomes for the short medium and long term.	

Table 7 explains the three key measurement components of performance. The first component is key stakeholder relationship which the measurement is the presence of key stakeholder relationship. The second component is stakeholder types which refer to donor, sponsor, investor, government and communities; while stakeholder engagement focuses on stakeholder empowerment, collaboration, involvement, negotiation, consultation and information. The measurement is identify in humanitarian philanthropic organization annual reports and websites.

Table 7: Key Measurement Component in Annual Report & Website - Performance

No	Performance	Measurement
1)	Key stakeholder relationship	State of key stakeholder relationship
2)	Stakeholder Type	Total number of Stakeholder (Donor/ Sponsor/ Funder)
3)	Stakeholder Engagement	Empowerment Collaboration Involvement Negotiation Consultation Information

Table 8 illustrates the three key measurement components of outlook. The first component is changes over time which the measurement is the presence or highlighting the outlook element in the disclosures. The second component is analysis about the organization’s expectation about external environment and it also

measure by the presence of the component in the disclosures. Next, outlook also can be determine by the element of how an organization respond to external environment and the measurement of this element is the presence of the element in the disclosure.

Table 8: Key Measurement Component in Annual Report & Website - Outlook

No	Outlook	Measurement
1)	Changes over time	Presence or highlighting in the disclosures
2)	Analysis about the organization's expectation about external environment	
3)	How the organization respond	

Besides, key measurement component in annual report and website are identify by basis of preparation and presentation. Table 9 elaborate the basis of preparation and presentation elements which are summary of organization's material determination process, description of the reporting boundary and summary of the significant frameworks. The measurement of the elements are identified by the presence of the element in the disclosures.

Table 9: Key Measurement Component in Annual Report & Website - Basis of preparation and presentation

No	Basis of preparation and presentation	Measurement
1)	Summary of organization's material determination process	Presence or highlighting in the disclosures
2)	Description of the reporting boundary	
3)	Summary of the significant frameworks	

FINDINGS AND DISCUSSION

This paper reports the governance reporting in annual reports and websites of humanitarian philanthropic organizations using four themes highlighted above. Table 10, 11, 12, 13, 14, 15,16 and 17 show the findings of this study. Before illustrating the results of the research, it is necessary to consider that different approaches were used by humanitarian philanthropic organizations in disclosing governance reporting. Table 10 shows that most CLBGs disclose their organizational overview and external environment by highlighted the number of employees' revenue, number of countries and code of conduct. Number of employee's revenue and number of countries seem like important element to disclose so that all CLBGs choose to highlight this part. However, CLBG C and CLBG E choose not to reveal their code of conduct in both their annual reports and

websites. Besides, most CLBGs choose to disclose organizational review and external environment elements in their annual report rather than website.

CLBG A reported that they are committed to the Privacy Impact Assessments (PIAs) code of good practice in their annual report. PIAs are tools which can help organizations identify the most effective way to comply with their data protection obligations and meet individuals’ expectations of privacy. While, CLBG B and CLBG D committed to Total Disaster Risk Management (TDRM) as the code of conduct is more suitable for humanitarian philanthropic organizations. However, CLBG C and CLBG E choose not to reveal their code of conduct in both their annual reports and website.

Table 10: Organizational Overview and External Environment Reporting of the Samples

Content	Section related to governance disclosure	Measurement	Presence in the section on governance disclosure (Yes/ No)														
			CLBG A			CLBG B			CLBG C			CLBG D			CLBG E		
			AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes
Organizational overview and external environment	Number of employees revenue	Stated number of employees revenue	1	1	Reveal only 8 workers in website Reveal 47 workers in annual report.	1	1	Reveal only 9 workers in website Reveal 18 workers in annual report	1	1	13 workers organization chart	1	1	22 workers organization chart	1	0	22 workers organization chart
	Number of countries	Stated number of countries in which the organization operates	1	1	Active presence in over 40 countries across the	1	1	The number of countries mentioned in current progra	1	0	Only reveal the activities, no of beneficiaries and the locati	1	1	There are 16 countries operates the website have listed. There are 19	1	1	There are 8 countries operates the website have listed. While

					globe			mme sectio n - websit e.			on			countr ies operat es report ed in annual report			, there are 22 countr ies serve d listed in annual report .
Code of cond uct	Presen ce code of condu ct	1	0	Com mitte d to the Peopl e in Aid (PIA) code of good practi ce	1	1	Using Total Disast er Risk Mana gemen t (TDR M) appro ach in 2005. The TDR M appro ach is in line with the Hyog o Frame work for Actio n (HFA)	0	0	Not reveal ed	1	1	Using Total Disast er Risk Mana gemen t (TDR M).	0	0	Not reveal ed	

Owen (2013) summarized that IR gives review of the organization, its governance structure, its core activities and how it activities and how it creates and adds value for stakeholders. Table 11 discussed governance reporting that five (5) selected humanitarian philanthropic organizations disclosed in their annual report and website.

Table 11 is focused on board characteristics that have been identified from the sample communication tools evaluation. All of the CLBGs reported their board size which range from 6 to 10 trustees. The size of the board is significant for a humanitarian philanthropic organization. According to Olson (2000), a larger board

size promotes board diversity, which in turn, leads to effective monitoring due to lesser managerial influence. All CLBG committed to disclose board size by expose their total number of board directors.

However, only CLBG A, CLBG B and CLBG E disclose board engagement element which measure by programs expenses divided by total expenses. 2 /3 from the CLBGs which reveal the board engagement disclose the information in their annual reports. Their percent of the expenses spend most at programs/ project, medical related and food. This is show the organizations spend most in humanitarian mission. CLBG C and CLBG D choose not to reveal their board commitment in both their annual reports and websites. The board commitment are measured by percentage of total expenses directly incurred for the charitable purposes to total revenue. CLBG A has elected to inform stakeholders of the nationality diversity that is measured by the presence of foreign board members in their annual report and website, where two out of six board members are foreigner. Darmadi (2011) had claimed that there is a presence of a large number of foreign members on the board of directors in emerging markets; however, to date there is a lack of studies on the effect of nationality diversity (presence of foreign member) on the effectiveness of the board of the directors.

Besides, CLBG B committed to disclose much information of governance reporting compared to other CLBGs and the only one CLBG that disclose professional background by revealing professional board's background that include expert in real estate investment trusts (REIT), Shariah and Waqaf in their annual report and website. Their board professionalism have also been evaluated through board background and board profile, where CLBG B's board comprise 52 to 67 year-old members and seven of them have graduated with degrees and the rest have pursued their masters studies. While, CLBG D consistent to not reveal their governance reporting by oversight all governance element either in annual report or website except board size. Besides, none of CLBGs disclose their board efficiency, board with political connection and board elements.

Table 11: Governance Reporting of the Samples

Content	Section related to governance disclosure	Measurement	Presence in the section on governance disclosure (Yes/ No)														
			CLBG A			CLBG B			CLBG C			CLBG D			CLBG E		
			AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes
Governance	Board Size	Total number of board of directors	1	1	6 Trustees / BOD	1	1	7 Trustees / BOD	1	1	6 Trustees / BOD	1	1	12 Trustees / BOD	1	1	14 Trustees / BOD
	Board Engagement	Programs expenses divided by total expenses	0	1	Programs / Project – 87.5 % Operation – 4.5% Awareness & Outreach – 4% Generating Fund – 4%	1	0	Charitable Expenditure By Cluster/ Services 2017:- Medical & Health Related – 63% Disaster Preparedness – 15% Food Relief – 7% Water, Sanitation & Hygiene (WASH) – 14% Shelter – 1%	0	0	Not revealed	0	0	Not revealed	1	0	41% - Food 24% - Protection 16% - Education 11% - Infrastructure 7% - Health
	Board Vision & Mission	Presence of board vision & mission statement	1	0	Personal promise in CEO and BOD foreword	1	0	Personal promise in CEO and BOD foreword	1	1	Gratification from BOD	0	0	Not revealed	1	0	Presence the mission statement
	Board Efficacy	Total revenue	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed

Governance Reporting in Humanitarian Philanthropic Organizations

Category	Percentage of total number of board members	1	1	Percentage of total institutional income fell	1	1	Percentage of total revenue	0	0	Percentage of total revenue	0	0	Percentage of total revenue	1	1	Percentage of total revenue
Board Commitment	Percentage of total expenses directly incurred for the charitable purposes to total revenue	1	1	Total institutional income fell 23.7 per cent to £19.3 m (2015 : £25.3 m)	1	1	Not revealed	0	0	Not revealed	0	0	Not revealed	1	1	14 Million Revenue 38% - Food 31% - Protection 17% - Education 7% - Infrastructure 7% - Health
Board with political connection	Percentage of board members with political connections to total number of board members	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed
Board professionalism	Professional background	0	0	Not revealed	1	1	There BOD profile that revealed their expertise	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed
Board's role	Section/ Manual of board	1	0	5 trustee responsible	1	1	There BOD profile that revealed	0	0	There is a section to introduce	0	0	Not revealed	0	0	Not revealed

		roles						d their expertise			uce their BOD. Role of the BOD is not revealed.					
Board evaluation	Board / Trustee Expenses	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed
Board Background	Board Profile Education Age	0	0	Not revealed	1	1	There BOD profile that revealed their expertise	0	1	Reveal only chairman experience	0	0	Not revealed	0	0	Not revealed
Nationality Diversity	Presence of foreign member Nationality Expert	1	1	2/6 of BOD are foreigners	0	0		0	0	Not revealed	0	0	Not revealed	0	0	Not revealed

Table 12 focuses on business model reporting where the key measurement components are input, business activities, outputs and outcome. All examined CLBGs are transparently disclose their business model report in annual report and website. Most CLBGs clearly mentioned element of business model by disclose their activities and distribution toward communities. Robert et al. (2011) mentioned that business model reporting provides benefit to the management as it gives better understanding and clearly articulated statements about the relationship between financial and non-financial performance. IR also provides better risk management and better engagement with current and prospective employees and other stakeholders. All determined CLBG good in highlight their beneficial programs, products and services. Besides, all CLBGs discussed outcome of the activities by highlighted the number of beneficiaries impacted by programs and asset consumption.

Table 12: Business Model Reporting of the Samples

Content	Section related to governance disclosure	Measurement	Presence in the section on governance disclosure (Yes/ No)														
			CLBG A			CLBG B			CLBG C			CLBG D			CLBG E		
			AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes
Business Model	Input	Capitals which may take the form of: Funding model Infrastructure People Intellectual property Raw materials Ecosystems services Relationships	1	1	Clearly mentioned	1	1	People List of worker List of volunteers Intellectual property BOD experiences	0	0	Not revealed	1	1	List of the worker	1	1	Clearly mentioned
	Business activities	Research and development Planning How the organization approaches the need to	1	1	Distribution & activities	1	1	Distribution & activities	1	1	Distribution & activities Social & society Humanitarian relief Education & Research	1	1	Distribution & activities	1	1	Distribution & activities

		innovate Distribution Service provision Quality control Operational improvement Relationship management After-mission service								Preaching						
Outputs	Products Services Waste	1	1	Clearly have the section of services which are: Emergency Winter appeal Myse dekah Squad-globally celebrity volunteer Local campaign International camp	1	1	Malaysia Flood Relief 2017 International work Building Resilient Communities (BRC) Events & Exhibitions	1	1	Qurban Bakul Kasih Ramadhan Team Ikhlas Tabung Pendi dikan Yayasan Ikhlas The Humanitarian Aid for Rohingya Refugee Yayasan Ikhlas Waqf Dakwah Muallaf Panel Penye	1	1	Clear mentined	1	1	Emergency Flood Relief 2017 Philippines Mission 2017 Somaliland Emergency Relief 2017 Myanmar Mission (III) Cox's Bazar Emergency Relief (I-II) Gifts of Smiles Mission

Governance Reporting in Humanitarian Philanthropic Organizations

					aign Al Yate em Other s					lidika n Tabu ng Kema nusia n Syria I- sedeq ah Pond ok Yati m Ar Raud ah Panel Syari ah						on (IV)
Out come	Benef iciary satisf action Asset consump tion Job creation Empl oyee devel opment and engag ement Impr oved stand ard of living Envir onment impac t Licen se to opera te	1	1	State d in both medi um 58,04 6 local benef iciary es impa cted 76,40 4 inter natio nal benef iciary es impa cted	1	1	Basic Life Suppo rt Traini ng Volun teer Induct ion Progr amme (VIP) Emer gency Medic al Team Traini ng Progr amme (LEC TUR ES) Emer gency Medic al Team Traini ng Exerc ise (FTX) Progr amme Huma nitaria n Lab Huma nitaria n Logist ics	1	0	State d the no of benef iciary es impac ted by progr ams Socia l & societ y- 11,06 7 Huma nitari an relief- 5,602 Educ ation & Resea rch- 1,537 Preac hing- 582 Total benef iciary es are 18,78 8.	1	0	Menti oned the benef iciary es. Not discu ss on the impa ct.	1	1	Clear ly menti oned the benef iciary es, impa ct, activ ities and outco mes.

									Management Training Malaysian Technical Cooperation Programme (MTC P) Stated the no of beneficiaries impacted by programs										
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One of integrated reporting pillar is risks and opportunities which the key measurement are organization effect on, the continued availability, quality and affordability of and relevant capitals in the short, medium and long term. Some organizations also called this kind of report as risk management report. Unfortunately, none of examined CLBGs reveal the information neither in their annual report nor website. Table 13 show the risks and opportunities reporting of the organizations.

Table 13: Risks and Opportunities Reporting of the Samples

Content	Section related to governance disclosure	Measurement	Presence in the section on governance disclosure (Yes/ No)																
			CLBG A			CLBG B			CLBG C			CLBG D			CLBG E				
			AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes		
Risks and Opportunities	Organization effect on	Risk Management Report (Which includes details about risk,							0	0							0	0	
	The continued availability		0	0	Not revealed	0	0	Not revealed			Not revealed	0	0	Not revealed					Not revealed

Quality and affordability of Relevant capitals in the short medium and long term	root course, potential																		
	impact, response to risk, risk rating)																		

Table 14 shows that CLBG A, CLBG B, CLBG C and CLBG E clearly mentioned their organization’s strategic objectives in their annual report and website. While, only CLBG B discussed intends to implement the organization’s strategic objectives in their strategic commitment section by clearly mentioned their strategic commitments impartiality, staff integrity, continuous improvement, complementary partnership, Consultative / participator, ethical reporting, transparency / information provision, listening/responsive, quality management / quality assurance, financial stewardship and health, safety and security. Besides, resource allocation plans, how it will measure achievement and target outcomes for the short, medium and long term seem like very sensitive elements to disclose by an organization.

Table 14: Strategy and Resource Allocation Reporting of the Samples

Content	Section related to governance disclosure	Measurement	Presence in the section on governance disclosure (Yes/ No)														
			CLBG A			CLBG B			CLBG C			CLBG D			CLBG E		
			AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes
Strategy and Resource Allocation	Organization’s strategic objectives	Presence or highlighting in the disclosures / strategic commitment section	1	1	Clearly mentioned	1	1	Clearly mentioned	1	1	Clearly mentioned	0	0	Not revealed	1	1	Clearly mentioned
	Intends to implement		0	0	Not revealed	1	1	Clearly mentioned the strategic commitments Impartiality Staff integrity Continuous improvement	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed

							Complementary partnership Consultative/participator Ethical reporting Transparency/information provision Listening/responsive Quality management/quality assurance Financial stewardship Health, safety and security									
	Resource allocation plans	0	0	High light resource used only	0	0	Highlight resource used only	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed
	How it will measure achievement	0	0	Not revealed	0		Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed
	Target outcomes for the short medium and long term.	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed

Performance in integrated reporting basically discussed quantitative indicators with respect to targets and risks and opportunities, explaining their significance, their implications, and the methods and assumptions used in compiling them. Table 15 shows summary of performance reporting of five selected CLBGs. CLBG C discussed how the organization responded and linkages between past and current performance by highlighted the increasing number of the number of beneficiaries between 2016 to 2017. Besides, performance can be measured by the state of key stakeholder relationships and how the organization has responded to key

stakeholders' legitimate needs and interests. In this paper, researcher found that 3 over 5 selected CLBGs reveal almost all their corporate sponsors, media partners, founders and donors. The CLBGs also consistent to discuss their stakeholder type and stakeholder engagement. CLBG A disclose stakeholder engagement by reveal their trustees that will be nominated by partners and stakeholders and CLBG A also make a personal approach to potential.

Table 15: Performance Reporting of the Samples

Content	Section related to governance disclosure	Measurement	Presence in the section on governance disclosure (Yes/ No)														
			CLBG A			CLBG B			CLBG C			CLBG D			CLBG E		
			AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes
Performance	Key stakeholder relationship	How the organization responded and linkages between past and current performance.	0	0	Revealed summary of current activities but do not highlight the performance (not comparing with previous year)	0	1	Summary of current activities, objectives, funder, duration, location and no of beneficiaries	1	1	Performance are measured by the number of beneficiaries between 2016 - 2017	0	0	Not reveal	0	0	Reveal the engagement activities and networking.
	Stakeholder type	Total number of Stakeholder (Donor/ Sponsor/ Funder)	1	1	Reveal almost all corporate sponsors, media partners, founders and donors	1	1	Reveal almost all corporate sponsors, media partners, founders and donors	0	0	Not reveal	0	0	Not reveal	1	1	Reveal almost all corporate sponsors, media partners, founders and donors
	Stake	Empow	1	1	Truste	1	1	Volunt	0	0	Not	0	0	No	1	1	Revea

	holder engag ement	erment Collabo ration Involve ment Negotia tion Consult ation Informa tion			es may be nomin ated by partne rs and stakeh olders, and CLBG A will make a person al approa ch to potenti al candid ates.			eer trainin g			reveal			t rev eal		led the donor s and partne rs.
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An integrated report should answer the question: What challenges and uncertainties is the organization likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance? Therefore, outlook reporting should contain the analysis about the organization’s expectation about external environment and how the organization respond to critical challenges and uncertainties. Table 16 shows the summary of the selected CLBG’s outlook report. Unfortunately, only CLBG B report the feedback from stakeholders through their Complaint Response Policy mechanism to show how their organization respond to uncertainties. The International Integrated Reporting Council (IIRC) reported that an integrated report may also provide lead indicators, Key Performance Index (KPIs) or objectives, relevant information from recognized external sources, and sensitivity analyses. If forecasts or projections are included in reporting the organization’s outlook, a summary of related assumptions is useful. Comparisons of actual performance to previously identified targets further enables evaluation of the current outlook. Disclosures about an organization’s outlook in an integrated report are made taking into account the legal or regulatory requirements to which the organization is subject.

Table 16: Outlook Reporting of the Samples

Content	Section related to governance disclosure	Measurement	Presence in the section on governance disclosure (Yes/ No)														
			CLBG A			CLBG B			CLBG C			CLBG D			CLBG E		
			AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes
			Outlook	Analysis about the organization's expectation about external environment	Presence or highlighting in the disclosures	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed
	How the organization respond to the critical challenges and uncertainties	0	0	Not revealed		1	0	Feedback from stakeholders through Complaints Response Mechanism policy	0	0	Not revealed	0	0	Not revealed	0	0	Not revealed

Table 17 shows summary of basis preparation and presentation reporting of the five selected CLBG. The measurement is by the presence of the information in both disclosures and platform. First element is the description of the reporting boundary (the separator between the section). From the table, only CLBG D failed to prepare the separator between section while the other four CLBGs consistent to highlight the description of the reporting separator.

Besides, second element should discuss the summary of the significant frameworks in humanitarian context. Seem like all selected CLBGs neglected this element by not mentioned their significant framework. CLBG B choose to mention the formula for measuring the stakeholder satisfaction but they listening feedback from stakeholders through our Complaints Response Mechanism policy and their tried to respond to all feedback.

Table 17: Basis of Preparation and Presentation Reporting of the Samples

Content	Section related to governance disclosure	Measurement	Presence in the section on governance disclosure (Yes/ No)														
			CLBG A			CLBG B			CLBG C			CLBG D			CLBG E		
			AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes	AR	Web	Notes
Basis of Preparation and Presentation	Description of the reporting boundary (The separator between the section)	Presence or highlighting in the disclosures.	1	1	Clear	1	1	Clear	1	1	Separator clearly shows between sections	0	0	Not mentioned	1	1	Clear
	Summary of the significant frameworks (Humanitarian context)		0	0	Not mentioned	0	0	Not mentioned the formula for measuring the stakeholder satisfaction but they listening feedback from stakeholders through our Complaints Response Mechanism policy and we respon	0	0	Not mentioned	0	0	Not mentioned	0	0	Not mentioned

									d to all feedba ck.									
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Generally, comparing the descriptive findings in Table 10, 11, 12, 13, 14, 15, 16 and 17, it can be seen that 3 over 5 selected CLBGs tried to implement IR in their annual report and website. Robert and Shachzman (2011) viewed that IR assists management in internal resources allocation decision, provide greater engagement with stakeholders and lower reputational risk. IR also suitable to be adopted by humanitarian philanthropic organizations. However, Adams and Simnett (2011) merely discuss the opportunities of IR for the philanthropic sector and how the principles of IR could offer an appropriate framework for philanthropic.

CONCLUSION

Disclosure of information may be the result of demand by regulatory bodies. This type of information disclosure is regarded as mandatory and firms are expected to comply or face some sanctions. This paper investigates the reporting of governance practices for humanitarian philanthropic organizations in Malaysia. Specifically, this study aims to analyze related information about governance through annual reports and websites. By identifying the items contained in annual reports and websites of the selected CLBGs, this study can be used as a basis of framework in preparing and presenting CLBGs annual reports, by proposing improvements of the annual reports through disclosure of necessary information required by various stakeholders. From the findings, it is recommended for all CLBGs to be more focused in risk and opportunities reporting which includes details about risk, root course, potential impact, response to risk and risk rating.

Saunah et al. (2013) had found that nonprofit organizations in Malaysia are not effectively using the annual report as a medium for communication. Therefore, this study would give some insight to organizations, particularly to the annual report preparers as well as website developers. However, this study has a limitation. A sample size of only five different CLBGs may not reflect the full sample of the humanitarian philanthropic organizations. Future research may focus to interview organization to know their perception on the best government reporting practice. Besides, future research may also interview the stakeholders to know what they want in governance reporting.

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