

Practices of corporate integrity and accountability of non-profit organizations in Malaysia

Corporate
integrity and
accountability
of NPOs

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Abstract

Purpose – The purpose of this paper is to examine the five dimensions of corporate integrity systems (CISs) and their effects on accountability outcomes of non-profit organizations (NPOs).

Design/methodology/approach – Data were collected from 550 surveys conducted among NPOs in Malaysia registered under Registrar of Society. Regression analysis was conducted to examine the relationships between five dimensions of CISs and accountability outcomes.

Findings – The findings revealed that all five dimensions of CISs (compliance, policies and rules, organizational culture, leadership, ethics training and education, and whistle blowing) significantly contribute to positive accountability outcomes of NPOs.

Practical implications – In order for NPOs to deliver greater accountability outcomes to their stakeholders, serious emphasis on CISs is vital.

Originality/value – To the best of the authors' knowledge, this study is among the first empirical study to examine the role of CIS dimensions and accountability outcomes in the case of NPOs in Malaysia.

Keywords Governance, Accountability, Malaysia, Corporate integrity system, Non-profit organization

Paper type Research paper

1. Introduction

The changing political and economic environment around the globe has resulted in an increasing concern for fraud activities. Fraud does not only involve moral issues, but it is also a barrier to a nation's prosperity by undermining good governance, distorting public policies, leading to misallocation of resources, and hurting the economic growth (Bardhan, 1997; Rose-Ackerman, 1999; Said *et al.*, 2015; Said, Alam, Abdullah and Zulkarnain, 2016; Said, Alam and Khalid, 2016; Said, Alam, Zulkarnain and Abdullah, 2016).

To reduce fraud cases, the accountability issues of non-profit organizations (NPOs) have been raised over the past decade, where the NPOs are strongly considered to put corporate integrity systems (CISs) in place to promote accountability outcomes (Doig, 2013; Jones and Thompson, 2012; Doig and Norris, 2012; Said and Omar, 2014). The APG Typologies Report in 2011 discussed the reason why corporate integrity is important within NPOs. First, NPOs enjoy the public trust. Second, they have access to sources of funds that are cash-intensive. Third, NPOs have a global presence. They provide a framework for local and international operations and financial transactions, which expose them to terrorist activities. For example, poor and needy areas are usually a base for terrorists, such as in Somalia, where it is hard to distinguish between legitimate and illegitimate organizations. Fourth, NPOs are exposed to a large number of beneficiaries. Finally, the reason that mitigates the threats of integrity to NPOs should be prioritized since the NPOs are not subjected to government oversight. Further, a lack of accountability, such as high



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executive salaries and misused funds, has consequences and implications to NPOs due to the loss of trust on the part of donors. The implementation of CISs is crucial to regain public trust in NPOs.

Edwards and Hulme (1995) noted that accountability is an essential NPO practice in relation to enhancing legitimacy. The survival of NPOs in retaining their mission has always been argued (Irvine, 2005). Major financial scandals have been highlighted in the USA, such as the embezzlement by the president of the United Way of America (Murawski, 1995), the investment fraud in the Foundation for the New Era Philanthropy (Stecklow, 1997), theft by leaders of the Episcopal and Baptist churches (Greene, 1995), and the excessively generous compensation package for the president of the Adelphi University (Thornburg, 1997) that have hurt the credibility of the NPOs.

Accountability could avert fraud and abuse of power (Graycar, 2012; Lamboo, 2010; Malagueno *et al.*, 2010), but commitment from the government is needed for accountability mechanisms that encourage ethical practices and ensure the implementation of proper processes including detailed documentation and openness to scrutiny (McGee and Gaventa, 2011; Keohane, 2005; Velayutham and Perera, 2004). Currently, organizations including NPOs are subjected to increasing pressure to be more accountable (Heaton *et al.*, 1993; Hacker and Garst, 2000; Pallot, 2001) due to the increasing cases of fraud and mismanagement. According to Guthrie (1994), various measures have been outlined to promote accountability at the organizational level. In context of NPOs, accountability is about ensuring that the public trust is served (Ebrahim, 2003).

Research on factors contributing to accountability has been extensively studied, but these studies tend to focus on the efficiency of the management (Hui *et al.*, 2011), budgeting (Goddard, 2004), politics (Barton, 2006), and innovations (Christensen and Skaerbaek, 2007). There are five forms of accountability in the public sector organizations that were found in Australia, namely, political, public, managerial, professional, and personal, together with two discourses, which are structural and personal (Sinclair, 1995). The Nordic countries share even more similar values and principles, such as democracy, openness, service, and efficiency for accountability in public sectors (Corte-Real, 2008; Pekkarinen *et al.*, 2011; Salminen and Ikola-Norrbacka, 2010). The British tradition presumes that their civil servants are loyal to ministers; they must be neutral and the relationship between the minister and civil servants should be based on trust (Joannides, 2012; Salminen and Ikola-Norrbacka, 2010). From the context of the Finnish public administration, three core-ethical issues, namely, trust, good governance, and unethical actions were examined by Kalsi *et al.* (2009) and Plumtre and Graham (1999).

However, there is a huge lack of empirical studies conducted to examine factors contributing to accountability outcomes in the context of NPOs. Therefore, this study aims to determine and explore the factors that promote accountability in the public sector organizations. This study discusses the relationship of five elements of the CIS (compliance, policies and rules (CPR), organizational culture (OrgC), leadership, ethics training and education, and whistle blowing (WB)) in enhancing accountability in the NPOs in the context of Malaysia.

There are strong justifications to conduct the study in Malaysia. Malaysia is an emerging economy that is targeted to achieve vision 2020 to become a developed nation by the year 2020. Therefore, the Government of Malaysia is serious about combating fraud by promoting the CIS. CIS is an ethical guideline that provides companies with a blueprint for risk assessment, areas of improvement, and a general indicator of organizational integrity. It is a tool for helping organizations to assess and measure their progress in making a formal and transparent commitment to ethics and integrity in the workplace (Said and Omar, 2014; Said, Alam and Khalid, 2016). In 2004, the National Integrity Plan (NIP) was formed by the Malaysian Institute of Integrity (IIM) under the fifth

Prime Minister's, Tun Abdullah Ahmad Badawi, direction. The main goal of the NIP formation is to meet the fourth challenge of Vision 2020, which is to "establish a fully moral and ethical society whose citizens are strong in religious and spiritual values and imbued with the highest ethical standards." NIP not only seeks to embed integrity in the private sector, but also in political parties, non-government organizations, religious groups, the media, and women, youth and student groups.

Various initiatives and strategies have been undertaken and implemented in fighting corruption, but yet the corruption level in Malaysia remains high. In 2013, the Asia-Pacific Fraud Survey (Ernst & Young, 2013) reported that Malaysia and China had the highest levels of bribery and corruption. The average percentage of this survey was 21 but 39 percent of the respondents claimed that corruption and bribery were practised widely in Malaysia, which is almost twice the average percentage. To make things worse, Malaysia was the third highest with 29 percent respondents claiming that the corruption and bribery practices in Malaysia would continue to increase, especially in a tough economic environment with tight competition. These results are supported by the Transparency International Corruption Perception Index 2013, which covers 177 countries worldwide (Ernst & Young, 2014). They measured the perceived level of public sector corruption with a score ranging from 0 (highly corrupt) to 100 (very clean and transparent). The results show that 69 percent of the countries have a score of below 50, which indicates that these countries are having serious corruption problems. Even though Malaysia did not fall under the 69 percent, the worrying situation is that the score for Malaysia in this survey was 50 over 100, which means a borderline level of transparency. Therefore, this study on Malaysia will be highly beneficial for policy makers and related public and private agencies.

2. Literature review and hypotheses development

2.1 CPR, and accountability outcomes

Compliance to policies and rules benefits an organization by preventing the incidence of bad financing as well as helping it to work effectively and in harmony while detecting errors and irregularities in its operation (Pathak, 2005; Wardiyono, 2012). Organizations also recognize the importance of CPR, which have been viewed as useful tools in safeguarding the organization's assets and reputation (Aziz, 2013). Bowrin (2004) argued that compliance to policies and rules promotes transparency, accountability, responsibility, and fairness to all stakeholders. In the case of NPOs, compliance to policies and rules supports in establishing the system, while fostering the decision maker's accountability (Bianchi, 2010). In contrast, failure to comply with policies and rules could harm the organization in many ways while exposing the risk to the efforts of nurturing accountability. Higher compliance is constantly associated with higher expectation in enhancing the accountability in the organization (Liu, 2011). Therefore, this study considers the following hypothesis:

H1. There is a positive relationship between CPR and accountability outcomes.

2.2 Organizational integrity culture and accountability outcomes

Organizational integrity culture promotes ethical conduct in the context of the organization's mission, vision, structure, and strategy. In order to protect public resources and to enhance accountability outcomes, the culture of integrity is argued to be able to strengthen organizational ethics, transparency, and professionalism (Said and Omar, 2014; Said, Alam, Abdullah and Zulkarnain, 2016; Said, Alam and Khalid, 2016; Said, Alam, Zulkarnain and Abdullah, 2016; Barney, 1986). In contrast, failure to inculcate an ethical culture will provide opportunities for mismanagement, misuse of power, and conflict of interest (Karim *et al.*, 2015). Past studies report that some corporate executives are willing to increase profits by engaging in unethical practices (Connor, 2007; Kochan, 2006; Shaxson, 2007). Such practices seem to be

part of an “enterprise culture” that persuades many to believe that “bending the rules” for personal gain is a sign of business acumen (Rosli *et al.*, 2015). This, in turn, will contribute negatively to accountability outcomes of the organization. Therefore, this study considers the following hypothesis:

H2. There is a positive relationship between organizational integrity culture and accountability outcomes.

2.3 Integrity leadership and accountability outcomes

According to Mintrop and Trujillo (2007), leadership may relate to more positive or negative organizational accountability outcomes. Meanwhile, Demers and Wayland (1982) as well as Davis (1973, 1976) regarded leaders in an organization as accountable for both achieving economic goals and behaving in a socially responsible manner. Schein (1985) mentioned that organizational integrity centrally hinges on the agency of leaders whose role is to embody organizational and personal commitments and integrate the core values of the organization with its needs to solve problems of adaptation to its environment. The path-goal theory of leadership (House, 1971; House and Dessler, 1974; House and Mitchell, 1974) highlights the contextual variables relevant for motivation and the impact of leaders’ behavior on subordinates’ performance and satisfaction. House and Mitchell (1974) suggested that some variables (e.g. subordinate characteristics, task, and environmental characteristics) are the drivers of the most appropriate leadership style for the highest staff performance and satisfaction. This theory is based on the expectancy theory (Vroom, 1964) and it assumes that subordinates are motivated to act based on perceived expected outcomes and how important each expected outcome is to them. The path-goal theory provides a framework for the leader to influence and motivate others to achieve the organization’s mission. Therefore, this study considers the following hypothesis:

H3. There is a positive relationship between integrity of leaders and accountability outcomes.

2.4 Ethical training and education (ETEd) and accountability outcomes

Ethical training must become a part of the organization’s integral process to ensure higher accountability outcomes (Bruce, 1994; Brumbach, 1991; Burke and Black, 1990; Menzel, 1995). ETEd will increase the willingness of workers to act in ways that demonstrate a higher level of integrity, resulting in increased accountability (Feldheim and Wang, 2002). Feldheim and Wang (2002) posited that ethical training would increase the willingness of workers to act in ways that demonstrate accountability and thus should result in increased accountability. Accordingly, the following hypothesis is proposed:

H4. There is a positive relationship between ETEd and accountability outcomes.

2.5 WB and accountability outcomes

Dozier and Miceli (1985) and Miceli and Near (1992) reported that organizational responsiveness is positively associated with WB. The existence of WB policies is positively related to employees’ perception that their organization encourages WB (Keenan, 1990; Blenkinsopp and Snowden, 2016). WB explores how the organization encourages individuals (both internal and external to the entity) to speak up and make reports of questionable conduct, which subsequently promotes accountability (Said and Omar, 2014). Clarke (1999) added that employees have more motivation to report fraud in the organization with the existence of the WB policy. This subsequently provides an indication

that the organization is serious in promoting accountability. Therefore, this study considers the following hypothesis:

H5. There is a positive relationship between WB and accountability outcomes.

3. Methodology

3.1 Sampling and data collection

Data for the study were collected based on a random survey from the NPOs located in Selangor, Negeri Sembilan, and Kuala Lumpur. The survey questionnaire was sent through e-mail to 550 individuals involved in NPOs related to culture and recreation, health, social services, politics, and environmental sectors. In total, 111 sets of questionnaires were collected from the respondents after follow-up e-mails and personal approaches. Out of 111 respondents, 63 respondents are from Selangor NPOs, 32 respondents from Kuala Lumpur NPOs, and 16 respondents from Negeri Sembilan NPOs.

3.2 Determinants of variables

Regarding legal CPR, the respondents were asked about the core laws, policies, rules, and guidance that comprise the legal framework for the organization's ethics and integrity system. This category assesses the internal framework that provides the grounds for ethical behavior. It also includes compliance with the external legal framework, established by multiple jurisdictions and legal frameworks within which the organization operates.

In terms of OrgC, the respondents were asked about the degree to which an organization focuses on shaping its OrgC (both the written and unwritten rules that dictate how work is performed and goals are reached) and whether that culture actively promotes an ethical conduct.

The respondents were asked about leadership that covers the responsibilities of the organization's leadership in shaping, guiding, and supporting the organization's ethics and integrity initiatives. It examines how leaders and managers are held accountable for promoting ethics and integrity. This category includes an assessment of the organization's "Tone from the Top" at both the senior executive and governance levels.

In the case of ETED, the respondents were asked about ethics and integrity awareness, skill-building training and education, and the integration of such training into the overall development of all employees. This category includes the provision of ethics-related training and skill building throughout the life cycle of staff members, and the degree to which these initiatives are integrated into other organization-wide training commitments.

The respondents were asked about the WB policy that explores how the organization encourages individuals (both internal and external to the entity) to speak up and make reports of questionable conduct. This category explores the methods and protection offered to individuals who wish to make the organization aware of possible unethical behavior, misconduct, or illegal actions. It includes the making of both confidential and anonymous reports, and the systems used by the organizations to protect whistle blowers from retaliation or retribution.

Finally, the respondents were asked about the level of accountability of NPOs that examines how funds are authorized and used. Items asked include the extent to which their organizations prepare and submit financial reports annually, report serious incidences, which may have a negative impact on the public to a higher authority, have a regular reporting system on the achievements and results of the programs or projects against their objectives, having performance measures concerning the quality of services delivered, provide complaints and redress mechanisms, and openly receive monitoring visits from funding and oversight agencies.

3.3 Model and statistical test

The data are analyzed using descriptive statistics, factor analysis, and cross-sectional regression. Initially, validity of the data is tested through several standard diagnostic procedures, such as the adequacy of data is tested by Kaiser-Meyer-Olkin test, the normality of data is tested by skewness and kurtosis analysis, and the homoscedasticity of data is tested by *F*-test and Bartlett sphericity test. Then, a correlation analysis is carried out to check the availability of multicollinearity problem. Finally, the reliability of the data is tested by using the Cronbach's α test.

4. Results and findings

4.1 Demographic information

The total number of respondents include 55 males (49.5 percent) and 56 females (50 percent), which shows that there is an equal distribution of male and female respondents in this study (Table I). Among the respondents, there are 65 (58.6 percent) Malays, 28 (25.2 percent) Chinese, and 18 (16.2 percent) Indians. In terms of age, most of the respondents are between 25 and 34 years old (35.1 percent), followed by 35-45 years old (29.7 percent). In the category for educational qualifications, 43.2 percent of the respondents are degree holders, followed by 25.2 percent of diploma holders.

The respondents are also evenly distributed for each category in terms of job designation, consisting of 35 (31.6 percent) respondents from the top management, 38 (34.2 percent) respondents from the mid-level management, and another 38 from the low-level management. This study defines top management as individuals who have the highest rank in the organizations and focus on long-term strategic planning, such as the board, president, and vice president. Meanwhile, those who are directly involved in managing and operating the organization, such as managers and executives, are considered the middle management. The low-level management comprises supporting staff, consisting of mostly volunteers and part-timers.

4.2 Factor analysis

By using the varimax rotations, an exploratory factor analysis is performed to understand the correlations structure of each variable and sampling adequacy. The Kaiser-Meyer-Olkin coefficient for these data set is 0.817 for CPR, 0.810 for OrgC, 0.798 for leadership, 0.892 for

Type	Description	Frequency	%
Gender	Male	55	49.5
	Female	56	50.5
Ethnic	Malay	65	58.6
	Chinese	28	25.2
	Indian	18	16.2
Age (years)	Below 25	16	14.4
	25-34	39	35.1
	35-45	33	29.7
	Above 45	23	20.7
Job designation	Top management	35	31.6
	Middle management	38	34.2
	Lower management	38	34.2
Highest qualification	SPM/MCE/Certificate	20	18.0
	Diploma	28	25.2
	University degree	48	43.2
	Professional qualification	15	13.5

Table I.
Demographic profiles
of the respondents

ETEd, 0.736 for WB, and 0.834 for accountability, indicating that the data could be used to proceed with the exploratory factor analysis (Hair *et al.*, 2010).

In addition, to test the homoscedasticity or homogeneity of variances, the Bartlett sphericity test is conducted where the value for CPR ($\chi^2 = 259.070$, $df = 21$, $p < 0.000$), organization culture ($\chi^2 = 220.465$, $df = 21$, $p < 0.000$), leadership ($\chi^2 = 326.027$, $df = 21$, $p < 0.000$), ETEd ($\chi^2 = 522.172$, $df = 21$, $p < 0.000$), WB ($\chi^2 = 271.650$, $df = 21$, $p < 0.000$), and accountability ($\chi^2 = 569.493$, $df = 78$, $p < 0.000$) are noted to be statistically significant.

4.3 Correlation analysis

Correlation examines the relationship between two variables in a linear fashion (Coakes *et al.*, 2008). This analysis helps us to identify whether one variable is related to another. Prior to testing the model, the correlation analysis is performed to examine the relationship between CPR, organization culture, leadership, ethical training, and education as well as WB with the accountability of NPOs in Malaysia. For this study, a Pearson correlation test is used to ascertain whether there are any multicollinearity problems occurring among the variables. The two variables are considered highly correlated to each other and explain the dependent variable, which will cause a multicollinearity problem if the values of coefficient is 0.8 or 0.9, and above (Field, 2000).

Table II shows the summary of the results when the bivariate analysis is conducted to test the correlation between one variable and another. The statistical results show that the correlation values among the variables range between 0.066 and 0.664. This indicates that there is no multicollinearity problem among the variables since none of the correlation is more than 0.8. Accountability (Acc) is significant with CPR, OrgC, leadership (Lead), ETEd, and WB. In addition, CPR is significant with OrgC, Lead, ETEd, and WB. On the other hand, OrgC is significant with CPR, Lead, ETEd, and WB. Meanwhile, Lead is significant with CPR, OrgC, ETEd, and WB. However, ETEd and WB are not significant to each other. In terms of the correlation between the dimension of CISs and accountability, the results indicate that there is a significant relationship between compliance, policies and rule, organization culture, leadership, ethical training, education, and WB toward accountability.

4.4 Regression analysis

Table III shows the regressions output to inquire if the integrity dimensions are significantly associated with the level of accountability outcomes of NPOs in Malaysia. Based on the result, the regression stands statistically at a 1 percent ($F = 37.96$, $p = 0.000$) level that also indicates the homoscedasticity or homogeneity of variances. The R^2 value indicates that about 64.4 percent of the accountability factors can be explained by this model.

The significant positive relationship between the organization's CPR and accountability of NPOs in Malaysia highlights that a high level of organizational policies may lead to a high accountability level in the NPOs. This is consistent with the studies conducted by Suchman (1995), Meyer and Rowan (1977), and Othman and Ali (2012), where they found

	CPR	OrdC	Lead	ETEd	WB	Acc
CPR	1					
OrgC	0.642**	1				
Lead	0.659**	0.664**	1			
ETEd	0.278**	0.352**	0.404**	1		
WB	0.511**	0.328**	0.478**	0.066	1	
Acc	0.654**	0.626**	0.618**	0.513**	0.519**	1

Note: **Significant at 5 percent level

Table II. Pearson correlation

that a company's rules and policies are related to the accountability level of the organization. Therefore, *H1* is supported.

Moreover, the result for OrgC toward accountability is positively significant; hence, this study supports *H2*. The significant positive relationship between NPOs' OrgC and their accountability indicates that the culture in the organization includes the workers; the ethical work environment culture significantly contributes to accountability outcomes in the context of NPOs. This is supported by previous studies (Martin and Nakayama, 2007; Martin and David, 2006; Ladmanova, 2003).

However, this study found no statistically significant relationship between leadership of NPOs and their accountability, which explains that leadership has no relation with the NPOs' accountability in Malaysia. This result is not consistent with a previous study by Mintrop and Trujillo (2007), where they found leadership could relate to the accountability system positively or negatively. It is also inconsistent with the results found by Demers and Wayland (1982) as well as Davis (1973, 1976). Therefore, *H3* is not supported.

Further, the findings of this study found that there is a significant relationship between ETED and accountability outcomes of NPOs in Malaysia. Hence, *H4* is supported since there is a positive relationship between ethical training provided to the employees in the NPOs and their accountability. This is consistent with studies conducted by Feldheim and Wang (2002), Bruce (1994), Brumback (1991), Burke and Black (1990), and Menzel (1995), where all these researchers agreed that ethical education and enforcement might lead to the increase of accountability.

Finally, the study found a significant positive relationship between the WB policy and the NPOs' accountability in Malaysia. This is also consistent with previous studies done by Dozier and Miceli (1985) as well as Miceli and Near (1992), where they believed that WB could affect the accountability of an organization. Therefore, the hypothesis that there is a positive relationship between WB and NPOs' accountability is supported and the existence of reporting policies, such as WB, may affect the perception.

4.5 Diagnostic test

In order to ensure the data are normally distributed, the study examines the skewness and kurtosis of the data. According to Tabachnick and Fidell (2009), the data are considered normal if the value of skewness and kurtosis is between -2 and $+2$. Based on Table IV, the skewness for all variables show a normal distribution as all the values are between -2 and $+2$. In addition, the kurtosis of the data for all variables show that the data distribution is normal.

Reliability analysis looks at the internal consistency and stability of the measuring instrument. Cronbach's α coefficient is commonly used as the internal consistency indicator. The ideal value of Cronbach's α coefficient differs among the studies. Nunnally (1978, p. 226) suggested that a modest reliability ranging between 0.5 and 0.6 would suffice for an initial study. Loewenthal (2004) mentioned the value of 0.6 could be acceptable. Hair *et al.* (2010) mentioned that the generally agreed lower limit for Cronbach's α may decrease to 0.60 in exploratory research. Pallant (2007) mentioned the value should be above 0.700. The results

Variables	Coefficients	SE	<i>t</i> -Value	<i>p</i> -Value
(Constant)	–	0.273	1.102	0.273
Compliance, policies, and rules	0.246*	0.081	2.814	0.006
Organizational culture	0.242*	0.086	2.861	0.005
Leadership	0.028	0.083	0.312	0.756
Ethical training and education	0.330*	0.042	5.07	0.000
Whistle blowing	0.278*	0.063	3.934	0.000

Table III.
Regression analysis

Note: *Significant at 1 percent level

of Cronbach's α for the five independent variables in this study range from 0.796 to 0.918, which means all the statements are reliable as the scores exceed 0.70 (Table IV). Furthermore, accountability had a Cronbach's α reliability coefficient score of 0.874; this indicates that the internal consistency for reliability for all five items in the questionnaire is excellent and reliable.

5. Discussion and conclusion

This study investigated the five dimensions of the CIS and their relationship with NPOs' accountability. The five dimensions of integrity considered for this study are organizational policies and rules, organization's ethical culture, leadership in the organization, ethical education and training, and the practice of WB. Among all the five dimensions, the most important dimension is ethical culture. It was found that the NPOs in Malaysia consider the culture and work environment important in delivering higher accountability outcomes by the NPOs. Thus, Malaysian NPOs should place high emphasis on organizational ethical culture to avoid unethical practices. This is relevant as cultural values may guide people's behavior (Booysen, 1999, 2000; Hofstede, 1980a, b, 1991, 1998; House and Aditya, 1997; House *et al.*, 1999) including accountability. Culture may also define a particular identity.

The second hypothesis was that there is a significant relationship between OrgC and NPOs' accountability in Malaysia. The result shows that there is a significant relative relationship between OrgC and NPOs' accountability in Malaysia. This significant positive relationship indicates that the work culture and environment may increase the ability to work together (Fukuyama, 1995). The trust culture may also mitigate the complexity of a non-profit culture (Martin and David, 2006; Ladmanova, 2003), such as the lack of trust.

In addition, the study also hypothesized that there is a positive relationship between leadership and NPOs' accountability. The result from this study indicated that there is an insignificant relationship between leadership and accountability. This means that good leadership does not ensure good accountability by the NPOs. Leadership is a key success factor of an organization, but it does not ensure that the organization will have a high level of accountability. It depends on how the leader leads, and it is mostly up to the organization's manager to try and encourage accountability. The result was therefore found to be inconsistent with the study conducted by Mintrop and Trujillo (2007), where it was found that ethical leaders play a major role in shaping the employees morale and action with accountability, both positively and negatively.

The fourth dimension of integrity, which is ETED, was also examined toward the accountability of NPOs in Malaysia. It was hypothesized that there is a significant positive relationship between ethical education and NPOs' accountability in Malaysia. The results show that ethical education and training has a significant effect toward accountability. This is supported by Bruce (1994), Brumback (1991), Burke and Black (1990) as well as Menzel (1995), where all of them agreed that ethics is important in the management

Variables	Skewness		Kurtosis		Cronbach's α
	Statistic	SE	Statistic	SE	
Compliance, policy, and rules	0.014	0.229	-0.92	0.455	0.852
Organizational culture	-0.166	0.229	-0.198	0.455	0.808
Leadership	-0.352	0.229	-0.074	0.455	0.838
Ethical training and education	-0.407	0.229	0.369	0.455	0.918
Whistle blowing	0.144	0.229	-0.973	0.455	0.796
Accountability	-0.18	0.229	-0.314	0.455	0.874

Table IV.
Test of normality

process and it will influence the workers to be accountable while carrying out their responsibilities, resulting in high accountability (Feldheim and Wang, 2002). Ethical education will train the employees in the NPOs of the importance of accountability in their daily routine. Ethics is closely related to behavior and feeling accountable for one's actions.

Finally, the objective of integrity was examined by looking at the relationship between the fifth dimension, which is WB, and Malaysian NPOs' accountability. It was hypothesized that there is a significant relationship between WB and the accountability of NPOs in Malaysia. The results from the study are found to be consistent with Blackburn's (1988) findings, where it was reported that an entity would respond effectively with the existence of reporting policies (Keenan, 1990). This is because the NPOs are mission based and closely related to the public's perception. In fact, whether the employee blows the whistle or not, ethical issues may still arise. Some organizations may view the whistle blower as a betrayer of the organization because WB represents a conflict between the employee's loyalty to the organization and an employee's legal obligations to report apparently fraudulent activities to the proper authorities (Clarke, 1999). On the other hand, some may view the person who blows the whistle as a heroic defender (Rothschild and Mieth, 1999). In the case of NPO, if the employee just stays silent while knowing something not right is actually happening within the organization, he/she is also considered as unethical to the society. Therefore, NPOs should encourage WB practice and embed it in the OrgC.

Finally, in order to portray higher accountable outcomes, it is crucial for NPOs to seriously implement all of the factors of CISs. Especially Malaysian NPOs should implement CISs that were introduced by Malaysian Institute of Integrity.

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Dimensions	Factors
Accountability	<p>My organization ensures funds are used properly and in the manner authorized</p> <p>My organization places a high responsibility on its employees to be highly efficient and effective to help the beneficiaries</p> <p>My organization gives a lot of attention to satisfy requirements of the relevant stakeholders (i.e. donors, government department)</p> <p>My organization prepares financial reports annually</p> <p>My organization will report any serious incidence which may have a negative impact on the public to the higher authority</p> <p>My organization gives a chance to beneficiaries to view and raise issues about the performance reports</p> <p>My organization has a regular reporting system on the achievements and results of its programs or projects against their objectives</p> <p>My organization produces several performance measures concerning the quality of services delivered</p> <p>My organization provides a provision of transparent financial and governance information</p> <p>My organization engages with beneficiaries in the evaluation of projects</p> <p>My organization provides complaints and redresses mechanisms</p> <p>My organization allows auditors to examine reports before being submitted to donors</p> <p>My organization openly receives monitoring visits from funding and oversight agencies</p>
Integrity	<p>Organization culture</p> <p>Leadership</p> <p>Compliance, policy and rules</p> <p>Whistle blowing</p> <p>Ethics training and education</p>
Compliance, policies and rules	<p>My organization has adopted ethics, integrity, or compliance policies or rules</p> <p>My organization demonstrates transparency and accountability by requiring key employees to make regular disclosures concerning personal finances and conflict of interest</p> <p>My organization is knowledgeable in compliance with the laws of all jurisdictions where it operates, and has a system for resolving conflict of law questions</p> <p>The policies and rules or code of ethics and business conduct are available in written and electronic format, and are freely available to all employees</p> <p>My organization's code provides concrete actionable guidance and examples of real situation and how to address them</p> <p>My organization upholds the code, regularly referring to it in speeches and other communications, and refers/uses the code in everyday decision making</p> <p>My organization has articulated the ethical standards and principles expected of third parties (i.e. agents, donor, and volunteers)</p> <p>My organization regularly updates the policies and rules, and circulates the revisions upon adoption.</p>
Organization culture	<p>My organization has a trusting culture, and good on ethics and integrity</p> <p>Attention is given to articulate, assess, and describe my organization's culture in relationship to ethics and integrity</p> <p>There are positive ethical role models among the leaders of my organization</p> <p>I believe most employees and volunteers are very proud to work at my organization and would describe it as a great place to work, where ethics, integrity, trust, and fairness are highly valued</p>

(continued)

Table AI.
Descriptive statistics
of the variables

Dimensions	Factors
Leadership	<p>My organization takes the long-term view and never sacrificing principles for short-term gain</p> <p>My organization summarized its accomplishments of commitment to ethical conduct and accountability through annual reports or any communication medium</p> <p>Our leaders articulate and describe my organization's culture in terms of its values, mission, and ethical commitment to stakeholders</p> <p>Our leaders are actively involved, or accountable regarding ethics and integrity</p> <p>Managing ethically is considered an essential leadership competency</p> <p>Our leaders view ethics and integrity as a management-level function, with direct impact on the organization's bottom line</p> <p>Our leaders are seen as role models. They emphasize the importance of ethical conduct as a core organizational value and strategy, and they provide consistent, visible leadership</p> <p>Our leaders share a deep-seated commitment to ethical conduct as a foundation for the organization's structure</p> <p>Our leaders publicly support ethics and integrity initiatives, even these initiatives are perceived to be controversial</p> <p>Our leaders received training and coaching in ethics, and provide coaching about ethics and others</p>
Ethics training and education	<p>Ethics training exposes employees at all levels with challenging ethical dilemmas drawn from real life that prepare them to recognize, appreciate, and resolve ethical issues that they will encounter in everyday business</p> <p>Ethics training is formally evaluated for effectiveness, and constantly updated and improved</p> <p>Ethics training focused on enhancing ethical awareness, ethical decision making, ethical leadership, and personal accountability is integrated into the organization's educational curriculum</p> <p>Ethics training occurs at new hires and upon promotion to management</p> <p>There is formal ethics education training provided to employees and volunteers</p> <p>Our leaders endorse and voluntarily attend ethics training</p> <p>Ethics training is offered as a stand-alone course rather than being integrated with the overall training curriculum</p>
Whistle blowing	<p>Employees are encouraged to speak up or bring concerns to the attention of management</p> <p>Our organization promises some measure of confidentiality in resolving workplace concerns about ethics and integrity</p> <p>Our organization offers a channel where employees can bring up concerns/ complaints about unethical behavior or misconduct</p> <p>Protection against retaliation exists for all good-faith whistle blowers</p> <p>There is a standard that controls how internal investigation and fact-finding will be conducted</p> <p>A "hotline" or "helpline" service provides channels for both anonymous as well as confidential complaints</p> <p>The employees received communications about how, when, and why to call the "hotline" or "helpline"</p>

Table AI.

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