Practices of Corporate Integrity and Accountability of Non-Profit Organizations in Malaysia

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Abstract

Purpose - This paper aims to examine the five dimensions of Corporate Integrity Systems and their effects on accountability outcomes of Non-Profit Organizations (NPOs).
Design/methodology/approach – Data were collected from 550 survey conducted among NPOs in Malaysia registered under Registrar of Society. Regression analysis was conducted to examine the relationships between five dimensions corporate integrity systems and accountability outcomes.
Findings - The findings revealed that all five dimensions of corporate integrity systems (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 corporate integrity systems is vital.
Originality/value – To the best of the authors' knowledge, this study is among the first empirical study to examine the role of corporate integrity system dimensions and accountability outcomes in the case of NPOs in Malaysia.

Keywords Governance; Corporate Integrity System; Accountability; Non-Profit Organization, Malaysia
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; 2016a,b,c).

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 in place to promote accountability outcomes (Doig, 2013; Jones & Thompson, 2012; Doig & Norris, 2012; Said & Omar, 2014). The APG Typologies Report in 2011 discusses the reason why corporate integrity is important within NPOs. First, NPOs enjoy the public trust. Second, they have access to sources of funds which 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 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 executive salaries and misused funds, has consequences and implications to NPOs due to the lost of trust on the part of donors. The implementation of corporate integrity systems 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 United

States, 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 & Gaventa, 2011; Keohane, 2005; Velayutham & Perera, 2004). Currently, organizations including NPOs are subjected to increasing pressure to be more accountable (Heaton, Savage, & Welch, 1993; Hacker & 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 & 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 & 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 & 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 Plumptre 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 corporate integrity system (Compliance, Policies and Rules, Organizational Culture, Leadership, Ethics Training and Education, and Whistle-blowing) 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 Corporate Integrity System (CIS). Corporate Integrity System 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 & Omar, 2014; Said et al. 2016b). In 2004, the National Integrity Plan (NIP) was formed by the Malaysian Institute of Integrity (IIM) under the 5th Prime Minister, Tun Abdullah Ahmad Badawi's 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 and 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 and 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 Compliance, Policies and Rules, and Accountability Outcomes
Compliance to policies and rules benefit 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; Wardiwiyono, 2012). Organizations also recognize the importance of compliance, policies, and rules, 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 promote 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 compliance, policies and rules, 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 & Omar, 2014; Said et al., 2016a,b,c; Barney, 1986). In contrast, failure to inculcate an ethical culture will provide

opportunities for mismanagement, misuse of power, and conflict of interest (Karim, Said, & Bakri, 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) regard leaders in an organization as accountable for both achieving economic goals and behaving in a socially responsible manner. Schein (1985) mentions that organizational integrity centrally hinges on the agency of leaders whose role are 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 & Dessler, 1974; House & Mitchell, 1974) highlights the contextual variables relevant for motivation and the impact of leaders' behavior on subordinates' performance and satisfaction. House and Mitchell (1974) suggest 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 and Accountability Outcomes
Ethical training must become part of the organization's integral process to ensure higher accountability outcomes (Bruce, 1994; Brumback, 1991; Burke & Black, 1990; Menzel, 1995). Ethical training and education will increase the willingness of workers to act in ways that demonstrate a higher level of integrity, resulting in increased accountability (Feldheim & 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 ethical training and education and accountability outcomes*

2.5 Whistle-blowing and Accountability Outcomes
Dozier and Miceli (1995) and Miceli and Near (1992) report that organizational responsiveness is positively associated with whistle-blowing. The existence of whistle-blowing policies is positively related to employees' perception that their organization encourages whistle-blowing (Keenan, 1990; Blenkinsopp & Snowden, 2016). Whistle-

blowing 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 & Omar, 2014). Clarke (1999) adds that employees have more motivation to report fraud in the organization with the existence of the whistle-blowing 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 whistle-blowing 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 email 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 emails 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 compliance, policies, and rules,* 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 *organizational culture,* the respondents were asked about the degree to which an organization focuses on shaping its organizational culture (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 *ethical training and education,* 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 w*histle-blowing* 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 – 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. Than a correlation analysis is carried out to check the multicollinearity problem. Finally, the reliability of the data is tested by using the Cronbach's alpha 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 1). 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 25-34 years old (35.1 percent), followed by 35 to 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.

Table 1: Demographic Profiles of the Respondents

Type	Description	Frequency	Percentage (%)
Gender	Male	55	49.5
	Female	56	50.5
Ethnic	Malay	65	58.6
	Chinese	28	25.2
	Indian	18	16.2
Age	Below 25 years	16	14.4
	25-34 years	39	35.1
	35-45 years	33	29.7
	Above 45 years	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

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, the one who is 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 dataset is .817 for compliance, policies, and rules, .810 for organizational culture, .798 for leadership, .892 for ethical training and education, .736 for whistle-blowing, and .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 compliance, policies, and rules (Chi-square=259.070, df=21, p<.000), organization culture (Chi-square=220.465, df=21, p<.000), leadership (Chi-square=326.027, df=21, p<.000), ethical training and education (Chi-square=522.172, df=21, p<.000), whistle-blowing (Chi-square=271.650, df=21, p<.000), and accountability (Chi-square=569.493, df=78, p<.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 to identify whether one variable is related to another. Prior to testing the model, the correlation analysis is performed to examine the relationship between compliance, policies and rules, organization culture, leadership, ethical training, and education as well as whistle-blowing 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 2 shows the summary of the results when the bivariate analysis is done to test the correlation between one variable to 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 Compliance, Policies and Rules (CPR), Organizational Culture (OrgC), Leadership (Lead), Ethical Training and Education (ETEd), and Whistle Blowing (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 corporate integrity systems and accountability, the results indicate that there is a significant relationship among compliance, policies and rule, organization culture, leadership, ethical training, education, and whistle blowing towards accountability.

Table 2: Pearson Correlation

	CPR	OrdC	Lead	ETEd	WB	Acc
CPR	1					
OrgC	.642**	1				
Lead	.659**	.664**	1			
ETEd	.278**	.352**	.404**	1		
WB	.511**	.328**	.478**	.066	1	
Acc	.654**	.626**	.618**	.513**	.519**	1

** indicates significant at 5% level

4.4 Regression Analysis

Table 3 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% (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.

Table 3: Regression Analysis

Variables	Coefficients	Std. Error	t-value	p-value
(Constant)	….	0.273	1.102	0.273
Compliance, Policies, and Rules	.246*	0.081	2.814	0.006
Organizational Culture	.242*	0.086	2.861	0.005
Leadership	0.028	0.083	0.312	0.756
Ethical Training and Education	.330*	0.042	5.07	0.000
Whistle Blowing	.278*	0.063	3.934	0.000

* indicates significant at 1% level

The significant positive relationship between the organization's compliance, policies, and rules 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 that a company's rules and policies are related to the accountability level of the organization. Therefore, the hypothesis that there is a positive relationship between organizational policy and accountability in Malaysia (H1) is supported.

Moreover, the result for organizational culture towards accountability is positively significant; hence, this study supports H2. The significant positive relationship between NPOs' organizational culture 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 & Nakayama, 2007; Martin & 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 (2007a), 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, the hypothesis that there is a positive relationship between leadership in the NPOs and their accountability (H3) is not supported.

Further, the findings of this study found that there is a significant relationship between ethical training and education and accountability outcomes of NPOs in Malaysia. Hence, hypothesis 4 (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 whistle-blowing 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 whistle-blowing could affect the accountability of an organization. Therefore, the hypothesis that there is a positive relationship between whistle-blowing and NPOs' accountability is supported and the existence of reporting policies such as whistle-blowing may affect the perception.

4.5 Diagnostic Test

In order to ensure the data is normally distributed, the study examines the skewness and kurtosis of the data. According to Tabachnick and Fidell (2001), the data is considered normal if the value of skewness and kurtosis is between -2 to +2. Based on Table 4, the skewness for all variables show a normal distribution as all the values are between -2 to +2. In addition, the kurtosis of the data for all variables show that the data distribution is normal.

Table 4: Test of Normality

Variables	Skewness		Kurtosis		Cronbach's Alpha
	Statistic	Std. Error	Statistic	Std. Error	
Compliance, Policy, and Rules	0.014	0.229	-0.92	0.455	.852
Organizational Culture	-0.166	0.229	-0.198	0.455	.808
Leadership	-0.352	0.229	-0.074	0.455	.838
Ethical Training and Education	-0.407	0.229	0.369	0.455	.918
Whistle Blowing	0.144	0.229	-0.973	0.455	.796
Accountability	-0.18	0.229	-0.314	0.455	.874

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

4). Furthermore, Accountability had a Cronbach's alpha reliability coefficient score of 0.874; this indicates that the internal consistency for reliability for all five (5) items in the questionnaire is excellent and reliable.

5. Discussion and Conclusion

This study investigated the five dimensions of the corporate integrity system 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 whistle-blowing. 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 & 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 organizational culture and NPOs' accountability in Malaysia. The result shows that there is a significant relative relationship between organizational culture 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 & 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 (2007a) 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 ethical training and education, was also examined towards 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 towards 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 process and it will influence the workers to be accountable while carrying out their responsibilities, resulting in high accountability (Feldheim & 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.

Lastly, the objective of integrity was examined by looking at the relationship between the fifth dimension, which is whistle-blowing and Malaysian NPOs' accountability. It was

hypothesized that there is a significant relationship between whistle-blowing 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 organization may view the whistle blower as a betrayer of the organization because whistle blowing 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 & Miethe, 1999). In case of NPO, if the employee just stay silent while knowing something not right is actually happening within the organization, he/she may be unethical to the society. Therefore, NPOs should encourage whistle-blowing practice and embed it in the organizational culture.

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

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Appendix: Descriptive Statistics of the Variables

Dimensions	Factors
Accountability	My organization ensures funds are used properly and in the manner authorized.
	My organization places a high responsibility on its employees to be highly efficient and effective to help the beneficiaries.
	My organization gives a lot of attention to satisfy requirements of the relevant stakeholders (i.e donors, government department).
	My organization prepares financial reports annually.
	My organization will report any serious incidence which may have negative impact on the public to the higher authority.
	My organization gives a chance to beneficiaries to view and raise issues about the performance reports.
	My organization has a regular reporting system on the achievements and results of its programs or projects against their objectives.
	My organization produces several performance measures concerning the quality of services delivered.
	My organization provides a provision of transparent financial and governance information.
	My organization engages with beneficiaries in the evaluation of projects.
	My organization provides complaints and redress mechanisms.
	My organization allows auditors to examine reports before being submitted to donors.
	My organization openly receives monitoring visits from funding and oversight agencies.
Integrity	Organization Culture
	Leadership
	Compliance, Policy and Rules
	Whistle Blowing
	Ethics Training and Education
Compliance, Policies and Rules	My organization has adopted ethics, integrity, or compliance policies or rules.
	My organization demonstrates transparency and accountability by requiring key employees to make regular disclosures concerning personal finances and conflict of interest.
	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.
	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.
	My organization's code provides concrete actionable guidance and examples of real situation and how to address them.
	My organization upholds the code, regularly referring to it in speeches and other communications, and refer/use the code in everyday decision making.
	My organization has articulated the ethical standards and principles expected of third parties (i.e.: agents, donor, and volunteers).
	My organization regularly updates the policies and rules, and circulate the revisions upon adoption.
Organization Culture	My organization has a trusting culture, and good on ethics and integrity.
	Attention is given to articulate, assess, and describe my organization's culture in relationship to ethics and integrity.

There are positive ethical role models among the leaders of my organization.

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.

My organization takes the long-term view and never sacrificing principles for short term gain.

My organization summarized its accomplishments of commitment to ethical conduct and accountability through annual reports or any communication medium.

Our leaders articulate and describe my organization's culture in terms of its values, mission, and ethical commitment to stakeholders.

Leadership	Our leaders are actively involved, or accountable regarding ethics and integrity.

Our leaders are actively involved, or accountable regarding ethics and integrity.

Managing ethically is considered an essential leadership competency.

Our leaders views ethics and integrity as a management level function, with direct impact on the organization's bottom line.

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. Our leaders share a deep-seated commitment to ethical conduct as a foundation for the organization's structure.

Our leaders publicly support ethics and integrity initiatives, even these initiatives are perceived to be controversial.

Our leaders received training and coaching in ethics, and provide coaching about ethics and others.

Ethics Training & Education

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.

Ethics training is formally evaluated for effectiveness, and constantly updated and improved.

Ethics training focused on enhancing ethical awareness, ethical decision- making, ethical leadership, and personal accountability is integrated into the organization's educational curriculum.

Ethics training occurs at new hires and upon promotion to management.

There is formal ethics education training provided to employees and volunteers.

Our leaders endorse and voluntarily attend ethics training.

Whistle Blowing

Ethics training is offered as a stand-alone course rather than being integrated with the overall training curriculum.

Employees are encouraged to speak up or bring concerns to the attention of management.

Our organization promises some measure of confidentiality in resolving workplace concerns about ethics and integrity.

Our organization offers a channel where employees can bring up concerns/complaints about unethical behavior or misconduct.

Protection against retaliation exists for all good-faith whistleblowers.

There is a standard that controls how internal investigation and fact-finding will be conducted.

A "hotline" or "helpline" service provides channels for both anonymous as well as confidential complaints.

The employees received communications about how, when and why to call the "hotline" or "helpline".