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**THE RELATIONSHIP BETWEEN TRANSPARENCY, BOARD PERFORMANCE AND
MARKETING PRACTICES ON THE EFFECTIVENESS OF NON-PROFIT
ORGANIZATION IN MALAYSIA.**



**Thesis Submitted to
Othman Yeop Abdullah Graduate School of Business,
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in Partial Fulfillment of the Requirement for the Master of
Science Management**



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Perniagaan**
SCHOOL OF BUSINESS MANAGEMENT
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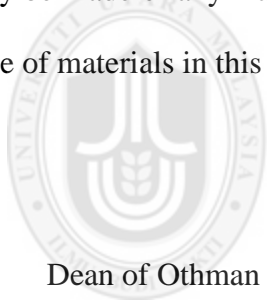
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ABSTRACT

Over the past decade, there was an issue of dissatisfaction of funders with the performances of NPOs in which many parties have taken into account the importance of measuring the effectiveness and transparency of charities. This study focuses on investigation of NPOs effectiveness in Malaysia; hence the aim of this study is to investigate what would be the factors influencing the NPOs effectiveness in Malaysia. This study extends to a limited scope of the investigation of the NPOs effectiveness in Malaysia based on the study of a set of indicators of the effectiveness of NPOs such as; board performance, transparency and marketing practices. There are many contributions of this study to the funders and to the non-profit organizations itself. The sources of information for this study were gathered from both primary and secondary data. Research population selected for this study are the non-profit organizations registered under the Registry of Society (ROS) from the year 2013 to 2015 in Malaysia. Research findings supported the hypotheses positive relationship between transparency and non-profit organization effectiveness and positive relationship between broad performance and non-profit organization effectiveness with significant. While the hypothesis positive relationship between marketing practices and non-profit organization effectiveness was found with insignificant results.

Keywords: Non-profit Organization, Transparency, Board Performance, Marketing Practices, Registry of Society

ABSTRAK

Sepanjang dekad yang lalu, terdapat isu ketidakpuasan para pendana dengan prestasi pertubuhan bukan keuntungan di mana banyak pihak telah mengambil kira pentingnya mengukur keberkesanan. Kajian ini menumpukan kepada penyiasatan keberkesanan pertubuhan bukan keuntungan di Malaysia; Oleh itu tujuan kajian ini adalah untuk mengkaji apakah faktor-faktor yang mempengaruhi keberkesanan pertubuhan bukan keuntungan di Malaysia. Kajian ini menyumbang kepada skop terhad penyiasatan keberkesanan pertubuhan bukan keuntungan di Malaysia berdasarkan kajian tentang satu set petunjuk keberkesanan pertubuhan bukan keuntungan seperti; prestasi lembaga, ketelusan dan amalan pengurusan pemasaran. Terdapat banyak sumbangan kajian ini kepada para pembiaya dan organisasi bukan keuntungan itu sendiri. Sumber maklumat untuk kajian ini dikumpulkan dari kedua-dua data primer dan sekunder. Populasi penyelidikan yang dipilih untuk kajian ini adalah organisasi bukan keuntungan yang didaftarkan di bawah Jabatan Pendaftaran Pertubuhan dari tahun 2013 hingga 2015 di Malaysia. Penemuan penyelidikan menyokong hipotesis hubungan positif antara ketelusan dan keberkesanan pertubuhan bukan keuntungan dan hubungan positif antara prestasi lembaga dan keberkesanan pertubuhan bukan keuntungan dengan signifikan. Manakala hipotesis hubungan positif antara amalan pemasaran dan keberkesanan organisasi bukan keuntungan didapati dengan keputusan yang tidak signifikan.

Kata kunci: Pertubuhan Bukan keuntungan, Ketelusan, Prestasi Lembaga, Amalan Pemasaran, Jabatan Pendaftaran Pertubuhan

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LIST OF ABBREVIATIONS

NPO	Non-profit Organization
ROS	Registry of Society
MERCY	Mercy Relief Society Malaysia
ACFE	Association of Certified Fraud Examiners
CCM	Companies Commission of Malaysia



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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Non-profit organizations (NPOs) are defined as organizations that impose the non-distribution of profits to their members (Fitzgerald *et al.*, 2010). They do not issue shares, and their missions are not to maximize profit (Petrovits *et al.*, 2011). Non-profit organizations (NPOs) play an important role in the world economy and social systems in the fields of education, healthcare, disaster relief, social work and the overall improvement of human (Salamon, 1999, Williams, 1998; Brody, 2001 and Conolly, 2000). For example, Medical Relief Society Malaysia (MERCY) is one of the non-profit organizations in Malaysia founded by Tan Sri Dr Jemilah Mahmood on September 16, 1999. Initially, began with the aim of providing medical relief for people in Kosovo, today MERCY has provided its services successfully to about 32 countries all over the world including Afghanistan, China, India, Malaysia, and Japan.

Likewise MERCY, in order for NPOs to survive and provide their services to the society continuously and successfully in a long-term basis, they required funds from various sources. Generally, NPO survivals depend on the contributions of governments, businesses, corporations, foundations, institutions, individuals, fees and lending (Corbett, 2006; Leather, 2011). However, according to Carol (2001) one of the biggest challenges for many non-profit organizations is not raising adequate fund. In addition, there are many non-profit organization established every year in Malaysia, but it does survive in a long term basis due to not enough resources to perform its daily task (Said, Mohamed, Sanusi & Yusuf, 2013). In addition, according to Dr. Roshani Shay of the Hawaii Wellness

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Appendix A: Questionnaire



APPENDIX



GRADUATE SCHOOL OF BUSINESS

OTHMAN YEOP ABDULLAH

QUESTIONNAIRE

**THE RELATIONSHIP BETWEEN TRANSPARENCY, BOARD PERFORMANCE AND
MARKETING PRACTICES ON THE EFFECTIVENESS OF NON-PROFIT
ORGANIZATION IN MALAYSIA**

Universiti Utara Malaysia

Dear Respondent,

The researcher is carrying out a study whose main objective is to examine The Relationship between Transparency, Board Performance and Marketing Practices on the effectiveness of Non-Profit Organization in Malaysia. You have been selected as one of the respondents for the study and the information you will give will be treated with utmost confidentiality and used purely for academic purposes. The findings and recommendations from this study are likely to benefit the funders in the selection of a correct non-profit organization to provide their funds. This study will also help the grant-makers to identify the indicators for effective non-profit organization and to provide better information to their management on the selection of a grantee.

Thank you.

Yours Sincerely,

Sivasankari Letchimanan
Master of Science in Management
University Utara Malaysia

Section A: Background Information

Please tick (x) in the appropriate box or fill the space provided.

NO	Item	Description
1.	Gender	<input type="checkbox"/> Male <input type="checkbox"/> Female
2.	Age	<input type="checkbox"/> Under 25 <input type="checkbox"/> 31 - 40 <input type="checkbox"/> 20 - 25 <input type="checkbox"/> 40 above <input type="checkbox"/> 26 - 30
3.	Study Level	<input type="checkbox"/> Foundation studies <input type="checkbox"/> Ph.D. <input type="checkbox"/> Bachelor Degree <input type="checkbox"/> Master's Degree
4.	Position Level	<input type="checkbox"/> Manager <input type="checkbox"/> Above Manager
5.	Years worked at current position	<input type="checkbox"/> Below 5 <input type="checkbox"/> 16 - 20 <input type="checkbox"/> 5 - 10 <input type="checkbox"/> Above 20 <input type="checkbox"/> 11 - 15
6.	Organization Category	<input type="checkbox"/> Religious <input type="checkbox"/> Trade associations <input type="checkbox"/> Welfare <input type="checkbox"/> Youth <input type="checkbox"/> Social and recreation <input type="checkbox"/> Sports <input type="checkbox"/> Women <input type="checkbox"/> Education <input type="checkbox"/> Culture <input type="checkbox"/> Political <input type="checkbox"/> Mutual benefit <input type="checkbox"/> Employment <input type="checkbox"/> General

7.	Age of Organization	<input type="checkbox"/> 5 years <input type="checkbox"/> 4 years <input type="checkbox"/> 3 years
8.	No. of volunteers	<input type="checkbox"/> Less than 5 <input type="checkbox"/> 50 - 150 <input type="checkbox"/> 5 - 19 <input type="checkbox"/> More than 150 <input type="checkbox"/> 20 - 50



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Section B: Transparency

Please tick (/) in the appropriate box to indicate your level of agreement for each statement below.

1-strongly disagree 2-disagree 3-neither agree nor disagree 4-agree
5-strongly agree

Item	Statement	1	2	3	4	5
1	Everybody can request the strategic plan via post or email.					
2	Everybody can request the annual report via post or email?					
3	The annual report contains results achieved in relation to formulated goals, financial report, and next year's financial budget.					
4	The organization can be contacted via postal mail, phone, or email.					
5	There are systemic procedures in place to deal with questions, feedback and critiques.					
6	The organization has a website with at minimum its contact information and various forms of reporting.					
7	The strategic plan of the organization published online.					
8	The annual report of the organization published online.					
9	The identities (names) of at least 3 of the board members published online.					

Section C: Board Performance

Please tick (✓) in the appropriate box to indicate your level of agreement for each statement below.

1-strongly disagree 2-disagree 3-neither agree nor disagree 4-agree

5-strongly agree

Item	Statement	1	2	3	4	5
1	The board sets clear organizational priorities for the year ahead.					
2	The board communicates its decisions to everyone who is affected by them					
3	The board delays action until an issue becomes urgent or critical.					
4	The board has made a key decision that I believe to be inconsistent with the mission of this organization.					
5	Within the past year, the board has reviewed the organization's strategies for attaining its long-term goals.					
6	The board reviews the organization's mission at least once every five years.					
7	The board has formed ad hoc committees or task forces that include staff as well as board members.					
8	The board has, on occasion, evaded responsibility for some important issue facing the organization.					
9	Before reaching a decision on important issues, the board usually requests input from persons likely to be affected by the decision.					
10	At times, the board has appeared unaware of the impact that its decisions will have within our service community					

Section D: Marketing Practices

Please tick (/) in the appropriate box to indicate your level of agreement for each statement below.

For Question 1: 1-not important at all 2-not important 3-neither important nor not important
4- important 5-very important

For the rest of the questions: 1-strongly disagree 2-disagree 3-neither agree nor disagree
4-agree 5-strongly agree

Item	Statement	1	2	3	4	5
1	How important is marketing to your organization?					
2	Marketing plan is important for NPO.					
3	Specific marketing goals in NPO's strategic plan are important.					
4	Using printed marketing materials is important for NPOs marketing.					
5	It is important to select target to distribute the printed marketing materials.					
6	NPOs must customize the printed marketing materials according to the target group.					
7	Updating marketing materials from time to time is important.					
8	Organization's website is one of the marketing tools.					
9	Each NPO must have a marketing team to manage the NPO's marketing activities.					
10	It is important to assess the marketing services conducted in the past 24 months by surveying the target market.					

Section E: Non-profit organization effectiveness

Please tick (/) in the appropriate box to indicate your level of agreement for each statement below.

1-strongly disagree 2-disagree 3-neither agree nor disagree 4-agree

5-strongly agree

Item	Statement	1	2	3	4	5
1	The organization involved actively in fund raising activities.					
2	The organization has a correct financial management system.					
3	The organization able to deliver effective programs.					
4	The organization has a 'good' public relations					
5	The organization able to gain community collaboration.					
6	The organization able to work with volunteers to achieve its organization mission.					
7	The organization practices a correct human resource management.					
8	The organization has good governance relations.					
9	The organization has good board governance.					

Appendix B: Statistical Analysis for Variables



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a) Descriptive Statistics of Variables

Descriptive Statistics

	N	Mean	Std. Deviation
Boardeffectiveness	377	3.4231	.43280
Transparency	377	3.4686	.56755
Marketingmanagement	377	3.5063	.58848
NPO	377	3.5388	.56957
Valid N (listwise)	377		

b) Multiple Regression Results

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.208	.113		-1.845	.066
	Boardeffectiveness	.305	.034	.232	9.040	.000
	Transparency	.748	.040	.745	18.511	.000
	Marketingmanagement	.031	.039	.032	.813	.417

a. Dependent Variable: NPO

c) Pearson Correlation Result

Correlations

		Boardeffectiveness	Transparency	Marketingmanagement
Boardeffectiveness	Pearson Correlation	1	.424**	.402**
	Sig. (2-tailed)		.000	.000
	N	377	377	377
Transparency	Pearson Correlation	.424**	1	.813**
	Sig. (2-tailed)	.000		.000
	N	377	377	377
Marketingmanagement	Pearson Correlation	.402**	.813**	1
	Sig. (2-tailed)	.000	.000	
	N	377	377	377
NPO	Pearson Correlation	.561**	.870**	.731**
	Sig. (2-tailed)	.000	.000	.000
	N	377	377	377

Correlations

		NPO
Boardeffectiveness	Pearson Correlation	.561**
	Sig. (2-tailed)	.000
	N	377
Transparency	Pearson Correlation	.870**
	Sig. (2-tailed)	.000
	N	377
Marketingmanagement	Pearson Correlation	.731**
	Sig. (2-tailed)	.000
	N	377
NPO	Pearson Correlation	1
	Sig. (2-tailed)	
	N	377

** . Correlation is significant at the 0.01 level (2-tailed).