



ACCOUNTABILITY PRACTICES OF ISLAMIC  
SCHOOLS IN MALAYSIA

BY

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## ABSTRACT

Islamic schools in Malaysia are reported in newspapers as having financial difficulties and poor infrastructure. Despite these problems, the demand for the establishment of Islamic schools and their sustainability continues to grow. This study aims to find out the ways in which Islamic schools in Malaysia practise or discharge accountability that assist the Islamic schools to be sustainable or to continue to be in demand and develop further. This study attempts to understand the traces of Islamic schools' accountability and the accountability practices of Islamic schools. Data were collected by conducting interviews, document reviews, and participants' observation. Through the actor-network theory (ANT) perspective, the study finds that Islamic schools' accountability network is formed by the relationships and interactions between multiple actors that constitute the Islamic schools' accountability network. The actors traced into the network of Islamic schools' accountability include Islamic schools, State Islamic Religious Department (SIRD), Ministry of Education (MoE), the *Muslim* community, school management party, school principals, parents, students, teachers, accounting tools such as, budgeting and financial reporting, and several other accountability mechanisms. Islamic schools' accountability is discharged through various mechanisms identified from the network. As a result, there are many forms of accountability in the network which are upwards accountability, downwards accountability, holistic accountability, and personal accountability. Accountability mechanisms used by Islamic schools include financial management practice, reporting and information disclosure, performance evaluation, the participation of parents, social auditing through informal accountability, and self-regulation which depends on the leadership style of the school principals. Islamic schools can sustain despite having financial difficulties due to the continuing financial support from parents and the *Muslim* community. It is found that personal accountability is the most permeating form of accountability in the Islamic schools' accountability network. The internal value that underpins the personal accountability is the Islamic value which is expressed by the actions of the actors in the network in ensuring the Islamic schools' sustainability. This study also finds that the accounting tool as an accountability mechanism can trigger personal accountability.

## خلاصة البحث

لقد ذكرت الصحف أن المدارس الإسلامية في ماليزيا تعاني من صعوبات مالية وضعف البنية الأساسية. على الرغم من هذه المشكلات، يتزايد الطلب على إنشاء المدارس الإسلامية واستمرار استدامتها. تحاول هذه الدراسة معرفة الطرق التي تمارس بها الجهات الفاعلة أو تباشر القضية التي تساعد المدارس الإسلامية على أن تكون مستدامة أو مستمرة في الطلب عليها وتطورها. تحاول هذه الدراسة فهم آثار قضية المدارس الإسلامية والتعامل بها في المدارس الإسلامية. لقد تم جمع البيانات من خلال إجراء المقابلات ومراجعة المستندات وملاحظة المشاركين. من خلال منظور نظرية الفاعل والشبكة، وجدت الدراسة أن شبكة مساءلة المدارس الإسلامية تتشكل من خلال العلاقات والتفاعلات بين الجهات الفاعلة المتعددة التي تشكل شبكة مساءلة المدارس الإسلامية. تشمل الجهات الفاعلة التي تم تتبعها في شبكة مساءلة المدارس الإسلامية من المدارس الإسلامية، و SIR D، ووزارة التربية والتعليم، والمجتمع الإسلامي، وهيئة إدارة المدرسة، ومديري المدارس، والآباء، والطلاب، والمدرسين، وأدوات المحاسبة مثل الميزانية وإعداد التقارير المالية، والعديد من الوسائل الأخرى. تتم مساءلة المدارس الإسلامية من خلال آليات مختلفة تم تحديدها من الشبكة. نتيجة لذلك، هناك العديد من أشكال المساءلة في الشبكة وهي المساءلة التصاعدية والمساءلة التنافسية والمساءلة الكلية والمساءلة الشخصية. تتضمن آليات المساءلة التي تستخدمها المدارس الإسلامية ممارسات الإدارة المالية والإبلاغ والكشف عن المعلومات وتقييم الأداء ومشاركة أولياء الأمور والتدقيق الاجتماعي من خلال المساءلة غير الرسمية والتنظيم الذاتي الذي يعتمد على أسلوب القيادة لمديري المدارس. يمكن أن تستمر المدارس الإسلامية على الرغم من وجود مشكلة الصعوبات المالية بسبب الدعم المالي المستمر من الوالدين والمجتمع المسلم. لقد وجد أن المساءلة الشخصية هي أكثر أشكال المساءلة انتشارًا في شبكة المساءلة في المدارس الإسلامية. والقيمة الداخلية التي تدعم المساءلة الشخصية هي القيمة الإسلامية التي يتم التعبير عنها من خلال تصرفات الجهات الفاعلة في الشبكة لضمان استدامة المدارس الإسلامية. ووجدت هذه الدراسة أيضًا أن الأداة المحاسبية كآلية للمساءلة يمكن أن تؤدي إلى مساءلة شخصية.

## APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion, it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Science (Accounting).

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# CHAPTER ONE

## INTRODUCTION

### 1.1 INTRODUCTION

This chapter provides an overview of the study. The first section describes the background of the study. The second section discusses the problem statement. The third section explains the motivation of the study. The next section outlines the research objectives and proposed research questions. The fifth section discusses the significance of the study followed by the sixth section that outlines the organisation of the study. The last section summarises this chapter.

### 1.2 BACKGROUND OF THE STUDY

*Muslims* are the majority population in Malaysia (Muzaffar, 1987). As such, Islamic education is made compulsory to every *Muslim* in this country at least of the very basic level of knowledge with regards to Islam, for example, the pillars of Islam, the pillars of *Iman*, how to practise the pillars of Islam and reciting the Quran. Every National School in Malaysia, even though not a religious organisation in nature, provides Islamic education to the students where subjects such as Islamic Education and Arabic Language are taught in classes for *Muslim* students. However, the formal education at National School is lacking in more comprehensive Islamic education.

The demand for more comprehensive Islamic education has been alarming (Malaysian Insider, 2015). Malaysian *Muslims* community usually provide their children Islamic education formally starting from seven years of age by enrolling them

into Islamic schools. Despite the increasing demand for Islamic education, Islamic schools are still at the development era and face major financial management problem.

Bani, Katan, Noor, & Fatah (2014) stated that the number of *ma'had tahfiz* in Malaysia is growing which mostly are privately owned. According to Abd Ghani, Soroni, Mohd Haridi, Daud, Hashim, & Wan Yusoff (2012), there are 150 private *ma'had tahfiz(s)* which has been established in Selangor, but only 24 of them are registered with State Islamic Religious Department (SIRD). Based on news reported in newspapers, most of *ma'had tahfiz's* facilities and infrastructures are inadequate (Hassan, 2018; Mohd Zoki, 2018; Roslan, & Hassan, 2018) and this is the factor that contributes to the failure of certain private Islamic schools to register with SIRD. Abd Ghani et al.'s (2012) studied on private *tahfiz* institution's management in Selangor found that most of the *tahfiz* institutions face financial problems and provide unconducive premises. Such problems lead to negative impacts on the expectations of others upon the ability of the schools to achieve their missions.

Private primary Islamic schools face infrastructure problems despite their status as private schools. Umar, Hussin, Pangilun, Hashim, Kamal Basah, Radiman, & Pardon, (2012) in their study identified several management problems of private primary Islamic schools in Selangor. The management problems identified by Umar et al. (2012) in private primary Islamic schools include difficulty in monitoring by SIRD due to multiple types of school's ownership and school's administrative power, problems in infrastructures and school premises, and financial problems. The unconducive school premises and infrastructures might be influenced by the fact that the schools face financial problems.

According to Ajayi & Ekundayo (2011), the availability of school facilities is one of the factors that contribute to the effectiveness of school. While Islamic schools'

missions generally are to educate the students on Islamic knowledge and values, the school facilities should be available and should be in good conditions so that the learning process will be effective. According to Holland (2006), accountability should clarify expectations and assess performance. Given the poor condition of certain Islamic schools' facilities as has been reported in the newspapers, the learning process will not be effective and thus will cause negative impacts on the expectations of others upon the ability of these schools to achieve their missions.

### **1.3 PROBLEM STATEMENT**

Despite the problems faced by Islamic schools as stated in the previous section, Islamic schools have been able to sustain or continue. The sustainability of Islamic schools might be due to the continuing financial support from Malaysian *Muslims* in the form of donation. A number of newspapers have reported that Islamic schools are asking for donations because they have poor facilities and infrastructures. As a result, the schools become accountable to the *Muslim* community because they rely on the donations to continue their operations. This situation is similar to religious non-profit organisations such as mosques, churches, and temples (Fitria, 2014; Hardy & Ballis, 2013; Jayasinghe & Soobaroyen, 2009). The difference being Islamic schools collect fees from parents, but it is not enough to cover all expenses and needs. Thus, like any other non-profit organisations, Islamic schools have multiple accountability (Fowler & Cordery, 2015).

The sustainability of Islamic schools is also accompanied by the growing demand for Islamic schools by the *Muslim* community and concurrently, their establishment. Given the sustainability of Islamic schools and growing demand for them, it is worth the effort to investigate how do Islamic schools gain the Malaysian *Muslims'* trust to enrol their children into Islamic schools. In other words, there must

be some methods that Islamic schools use to convince the *Muslim* community that they are accountable despite they face financial problems and lack of school facilities. Normally, academic reports are sought by parents instead of the schools' financial reports due to the aim of the schools and the parents' intention to send their children to the school. Besides, a student performance report is a symbol of accountability for a school (Figlio & Loeb, 2011; Levin, 1974). However, religious organisations such as Islamic schools also are subjected to the element of trust by donors due to religious sentiments; this makes formal accountability, in particular financial reports, become less important (Jayasinghe & Soobaroyen, 2009). Parents at least have academic reports to evaluate the Islamic schools' accountability since it is a normal practice of educational institution, but it is not certain whether Islamic schools provide any reports or accounts to the *Muslim* community or parents themselves, who support the schools by giving donations.

#### **1.4 MOTIVATION OF THE STUDY**

Religious organisations are managed by people from various educational backgrounds with little knowledge of accounting and management (Siraj, Mohamed Ibrahim, & Sulaiman, 2007). This is true to Islamic schools where the school principals and teachers are usually from Islamic educational background. Lack of accounting and management knowledge may result in improper financial management (Siraj, 2012) and failure in discharging accountability to its stakeholders.

Despite these weaknesses, the Islamic schools strive to survive and continue its operation. Their efforts in providing Islamic education to Malaysian *Muslims* are very honourable. It is interesting to learn how do the Islamic schools are able to be sustainable and at the same time accountable. Therefore, this study investigates what



constitutes Islamic schools' accountability network and how the Islamic schools discharge accountability. The increasing establishment of Islamic schools indicates that there is an increasing demand for Islamic schools and support from the *Muslim* community.

## **1.5 RESEARCH OBJECTIVES AND RESEARCH QUESTIONS**

The objective of this study is to examine the ways in which Islamic schools' accountability network develop. In other words, this study examines the actors who are involved in the Islamic schools accountability network and how do they influence each other to develop the network. This study also aims to examine the accountability practices of Islamic schools. Based on these objectives, two research questions are proposed:

1. How does Islamic schools' accountability network develop?
2. How do Islamic schools discharge accountability?

The first research question is provided to find out the formation of Islamic schools' accountability network. This is because Islamic school as a non-profit organisation has multiple accountabilities. According to Fowler and Cordery (2015, p. 130), "public sector and non-profit organisations have multiple accountabilities". This is because they are accountable for their financial resources and accountable to meet their non-financial goals, which are the objectives of their establishment.

Since Islamic schools are accountable both for their financial resources and non-financial goals, the second research question is proposed in order to examine the accountability practices of Islamic schools pertaining to their financial and non-financial goals. Therefore, this study examines both financial and non-financial accountability of Islamic schools. Financial accountability involves accounting

practices whereas non-financial accountability involves non-profit organisations' mission achievement (Holland, 2002).

Accounting and accountability relates as the accounting activity itself is considered as giving an account (Schweiker, 1993). Therefore, the accounting tools that are used by Islamic schools in ensuring their accountability are also examined to address the research questions. It is impossible to ignore accountability when engaging as an accountant or doing an accounting research (Shearer, 2002). Accounting is considered a practice to discharge accountability by an economic entity as an act of moral responsibility (Shearer, 2002). This is also because what 'we account for' and what 'we are accountable to' have a close association (Shearer, 2002, p. 568). This is supported by Lewis (2006) who asserted that one of the main purposes of accounting is to aid accountability. The element of power that exist in an organisation also causes the relationship of accounting and accountability, for instance, according to Roberts & Scapens (1985), subordinates must account to the superiors regarding the use of resources whether satisfies the superior's wishes. Furthermore, accounting is regarded as an act of moral responsibility and this is what accountability is perceived to be (Lello 1993; Roberts & Scapens, 1985).

## **1.6 SIGNIFICANCE OF THE STUDY**

Theoretically, this study is expected to contribute to the existing knowledge of accountability where accountability should be understood within its organisational context (Roberts and Scapens, 1985). Therefore, the accountability of Islamic schools is acquired from the actor's involved in the Islamic school context through interviewing and this allows alternative ways of understanding a phenomenon through the actor's point of view (Qu & Dumay, 2011). Sinclair (1995) stated that to increase

accountability, it is important to understand how it is constructed by, and extracted from, those who are held accountable. Therefore, this study tries to understand how accountability is constructed by and extracted from religious non-profit organisations, which are Islamic schools. The findings of this study are expected to contribute as a platform for future study on Islamic schools on how they can improve their financial and non-financial accountability.

Islamic schools' accountability is not discharged by its own or by their organisational initiatives only. There are various actors involved in the accountability practices of Islamic schools such as SIRD, MoE, parents, *Muslim* community, Islamic schools, school principals, teachers, and students. We may learn the complex interactions and relationships among actors participating in the formation of Islamic schools' accountability network.

Practically, this present study should benefit the Islamic education practitioners especially those who are responsible to manage the Islamic schools. It is hoped that readers of this study will have a clearer and better perception towards Islamic schools. Individuals, organisations, or policymakers would be encouraged to support Islamic schools by any means in order to lift their burdens and improve their managerial and operational aspect, by contributing ideas, money, assets, or incentives. Islamic schools deserved to be treated better and gain high support by *Muslim* communities.

## 1.7 ORGANISATION OF THE STUDY

The study consists of seven chapters.

- Chapter 1        **Introduction.** This chapter provides an overview of the study in terms of background of the study, problem statement, motivation of the study, research objectives and research questions, and significance of the study.
- Chapter 2        **Literature Review.** This chapter reviews several prior literature concerning accountability perspectives by different scholars, its forms and mechanisms, accountability practices in non-profit organisations, accountability in educational context and gaps in the literature.
- Chapter 3        **Background of Organisations.** This chapter describes briefly organisational background of a government Islamic religious department which governs the Islamic education affairs in the state of Selangor, organisational background of Islamic schools involved in the study, and their administration at the school level.
- Chapter 4        **Theoretical Framework.** This chapter discusses the theory selected to explain the findings of the study which is the Actor-Network Theory (ANT).
- Chapter 5        **Research Methodology.** This chapter explains the research approach in terms of research design, data collection, and data analysis.
- Chapter 6        **Findings.** This chapter presents the findings of the study.

Chapter 7      **Discussion and Conclusion.** This chapter discusses the findings in detail based on theory adopted, summarises the research, outlines research contributions, limitations, and suggestions for future research, and concludes the research.

### **1.8 CHAPTER SUMMARY**

Islamic education is important for *Muslims* and it can be sought by various means and one of them is by attending Islamic schools. However, Islamic schools are always reported in the media as having financial problems and poor infrastructures and hence, considered as unsafe for the students. These problems are also reported in prior studies. Therefore, the financial management of Islamic schools is questionable and there is a need to investigate what does actually happen regarding the issues through the lenses of accountability and ANT. This study is an early research on accountability practices of Islamic schools and should benefit future research and parties who are responsible to manage Islamic schools to examine ways to improve Islamic schools' accountability.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter reviews some of the academic literature related to this study. The literature review is divided into several sections based on the group of themes of the reviewed literature. The first section reviews the perspectives of accountability by various academic scholars. It contains the definition of accountability, concept, and viewpoints of the academic scholars. The second section highlights several forms of accountability that have been discussed in the prior literature. The third section discusses accountability practices of non-profit organisations. The following section discusses accountability in the educational context. The next section outlines the gaps identified from the literature review. The last section concludes the literature review chapter.

#### **2.2 ACCOUNTABILITY PERSPECTIVES**

Various perspectives of accountability have been found from the prior studies on accountability. The accountability perspectives are influenced by sector, area, or the organisational nature that the studies focused on. The primary responsibilities of Islamic schools are to introduce and teach Islam to *Muslims* at their respective level or according to educational syllabus constructed by the relevant and responsible authorities and expertise. However, to perform these responsibilities, worldly techniques must be used because Islam does not separate religious and worldly matters. As long as the worldly matters comply with *Shari'ah*, these matters are considered acts of worship in Islam and

will attain God's blessing. Therefore, in the context of the Islamic schools, attention must be paid on accountability from the aspect of management, finance, and accounting too like in any other organisations. Hence, this section discusses accountability from both Islamic and conventional perspectives.

Accountability is viewed from an Islamic perspective through the concept of *tawheed* (the Oneness of God) and *khalifah* (the vicegerency of the human being), which posits that Allah owns all the resources in this world, whereas humans are trustees of these resources and are held responsible for managing the resources according to purposes that bring Allah's blessing (Murtuza, 2003; Osman, 2010). As a result, humans are accountable to Allah as their Creator (Murtuza, 2003).

There are two perspectives of accountability in Islam, which are the accountability of human to God and the accountability of human to other people (Sulaiman, Siraj, & Mohamed Ibrahim, 2008). The accountability of human to other people will be a mean to be accountable to God also because the ultimate accountability is to God (Allah), where all actions that human do will be accounted (Haniffa and Hudaib, 2002) and to be questioned since Allah has given His guidance on how *Muslims* should live their life through *Shari'ah Islamiyyah*.

The statement that humans are accountable for managing God's resources is also found in Christian teachings, which is termed as 'the doctrine of Christian Stewardship' (Jacobs, 2005, p. 205). However, accountability in Islam extends to various aspects of life including economic, social, political, and religious affairs (Lewis, 2006). The rules that guide the *Muslims* to be accountable to Allah in all aspects of their life is called *Shari'ah*. *Shari'ah* means the "clear and straight path that will lead humans to the happiness in this world and the hereafter" (Haniffa & Hudaib, 2010, p. 6). *Shari'ah* is

outlined by Allah (God); it is not a human-made law. Therefore, compliance with *Shari'ah* means being accountable to the upper-most power, which is Allah.

At this point, the literature review turns to conventional perspectives of accountability. Accountability is an important element for the good governance of an organisation (Shafiqul Huque, 2011). Generally, accountability is defined as the process of holding someone or a group of people to account for their conducts (Glynn & Murphy, 1996). Another similar definition was given by Scott (2000, p. 3): “accountability is the duty to give account for one’s actions to some other person or body”. Rendering account makes people understandable to others and makes life more meaningful (Schweiker, 1993).

Accountability is also perceived as moral obligations or practices that involve the rights of others. Gray, Bebbington, and Collison (2006) defined accountability as the rights of community that emerge from the relationship between the accountable organisation and the parties who have rights upon the organisation. Lello (1993, p. 1) stated that “accountability involves reporting to other people voluntarily or compulsorily. It means having a conscience or a moral responsibility about what you are doing”. This view is similar to Roberts and Scapens (1985), who perceived accountability as a moral responsibility between parties. The system of accountability is described by them as “a complex system of reciprocal rights and obligations” (Roberts & Scapens, 1985, p.448). Roberts (1991) asserted that accountability is a social practice that involves interdependence which has both moral and strategic characteristics.

In addition to the connection with moral obligations and rights, accountability is also related to human mental judgement. Tetlock (1985) perceived accountability as a matter of human judgement and choice. According to Tetlock (1985), people seek