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Enhancing Shariah Governance Practice: Insights from the Non-profit Organizations in Malaysia
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Abstract

The operation of non-profit organisations (NPOs) in the era of digitalisation has changed their traditional ways in acquiring funds. The NPOs are much related to behaving like charitable and social organisations. In the era of digitalisation, many NPOs in Malaysia adopt Islamic social finance instruments and Islamic crowdfunding platform to fund their projects and operations. Despite their noble act to help the underprivileged community and their humanitarian efforts, issues may arise regarding their transparency, reporting and governance of the organisation. Hence, the objective of this study is to examine the current issues and challenges of NPOs in Malaysia. This study also highlights the importance of effective governance on organization's performance, transparency and accountability in the NPOs. This study offers significant insights to highlight the importance of establishing a specific Shariah governance framework for the NPOs especially those organisations adopting Islamic crowdfunding platform and Islamic social finance initiatives. Policy implication such as the Shariah governance arrangement for these NPOs is crucially important since the fund contributors may require transparent disclosure on the utilisation of funds specifically those adopting Islamic instruments. © The Author(s), under exclusive license to Springer Nature Switzerland AG 2024.

Author Keywords

Islamic crowdfunding; Islamic social finance; Non-profit organisations; Shariah governance

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