

## Modelling *Maqasid Waqf* Performance Measures in *Waqf* Institutions

Roshayani Arshad (Corresponding Author)  
Accounting Research Institute, Universiti Teknologi MARA,  
40450, Shah Alam, Malaysia.  
Tel: +603-5544 7910 Email: roshayani@salam.uitm.edu.my

Norzaihan Mohd Zain  
Accounting Research Institute, Universiti Teknologi MARA,  
40450, Shah Alam, Malaysia.  
Tel: +6016-6681443 Email: jihanzain@yahoo.com

Sharina Tajul Urus  
Faculty of Accountancy, Bandar Puncak Alam,  
42300 Kuala Selangor, Selangor, Malaysia  
Tel: + 603-32587440 Email: sharina675@salam.uitm.edu.my

Ahmed Chakir  
IbnZohr University  
BP, 37/S, Hay Salam, Agadir, Morocco  
Tel: +212-661 628247 Email: Ahmed.chakir@uiz.ac.ma

### Abstract

*Waqf* is viewed as one of the potential mechanisms to stimulate the economic and social development of the society. However, despite the great contributions from *waqf*, the potential and benefits of *waqf* have not been fully capitalised. Acknowledging such issue, there is a need for the institutions responsible to manage *waqf* assets to enhance their performance in fulfilling their accountability towards relevant stakeholders, consistent with *maqasid waqf* perspective. Therefore, the aim of this study is to explore the indicators of performance measurement for *waqf* institutions based on the non-profit organization, given some similarity to non-profit organizations, and *maqasid waqf* perspectives. To achieve the research objective, this study will conduct two stages of data collection and analysis: reviews of the literature and semi-structured interview with *waqf* managers and Islamic scholar. The outcome of the study will be in the form of a proposed performance measurement model, in

line with *maqasid waqf* that can be adapted by *waqf* institutions in assessing their performance as well as discharging their accountability and enhancing the value creation of *waqf* assets for the Ummah.

**Keywords:** *Waqf*; *Maqasid Waqf*; Performance Measurements

### Introduction

*Waqf*, is one amongst the various potential *Islamic* economic instruments which can stimulates the socio-economic for the society. In strengthening the role of *waqf* assets as an important contribution to the socio-economic development in Malaysia, the government has allocated RM257 million and RM72.76 million under the 9th and 10th Malaysian Plan (RMK) respectively to finance the development of *waqf* properties (Bernama, 2011). Under the 11th RMK which stretches from the years 2016 to 2020, the Government has undertaken a specific policy to enhance the Bumiputera Economic

Community (BEC) opportunities to increase wealth ownership through the development of *waqf* assets while retaining Bumiputera ownership (Chin, 2015). Hence, it is crucial that *waqf* institutions are effectively managed in mobilising the development and value creation of *waqf* assets.

However, there are growing concerns that the *waqf* institutions have played a minimal role in managing the *waqf* assets effectively and in turn contribute to the economic growth of the country (Ismail, Rosele, & Ramli, 2015). In this context, many *waqf* land are under-developed even though they are in very strategic areas (Ahmad & Muhamed, 2011). For example, there are 30,000 hectares of *waqf* land in Malaysia, but only 12% (3,600 hectares) of the land have been developed (Omar, 2016). In the year 2015, the National Audit Department has audited the management of *waqf* properties by the *waqf* institutions in Malaysia and found that the properties were not being managed properly and effectively by the institutions. The unsatisfactory condition and management of *waqf* properties infers that the *waqf* institutions are not effectively and efficiently managed since *waqf* properties represent the main component of the institution's responsibilities (Auditor General's Report, 2014).

In optimising the contributions of *waqf* assets, the trustee or *mutawalli* of the assets must be equipped with relevant information to guide and make effective decision-making processes in assessing whether the assets have been managed efficiently and *shariah* compliant. However, there is lack of appropriate performance measures in guiding *waqf* institutions to perform effectively and achieve *maqasid waqf*. Concurrently, appropriate information on the performance measures of *waqf* institutions can be used as a mechanism to enhance and gain support from the public to continue investing in *waqf* properties. Failure to do so can result in diminishing pool of *waqf* assets with negative impact on the socio-economic development of the Ummah. This implies that it is important

for *waqf* institutions to have some guidance in assessing their role as *mutawalli* effectively in fulfilling socio-economic objective and *maqasid waqf*. Hence, performance measurement model incorporating *maqasid waqf* elements is a crucial tool that can guide *waqf* institutions to achieve their *maqasid* and missions.

Therefore, the objective of this study is to establish a holistic performance measurement model to fill the current gap in the literature and practice that can be adapted by *waqf* institutions in assessing their performance and also as a benchmark for improvement. In establishing the model, the study will explore the indicators of performance measurement for *waqf* institutions based on the non-profit organization and *maqasid waqf* perspectives.

The remainder of this paper is organized as follows. The second section discusses the literature review on *waqf*, performance measurement and *maqasid waqf*. The third section explains the research methodology employed in this study. Research findings are reviewed and discussed in section four, and the final section highlights the conclusion and gap for future research.

## Literature Review

### *Waqf*

*Waqf* in general refers to confinement or detention. In the Islamic jurisprudence, it means "withholding or immobilizing an asset and mobilizing or releasing its proceeds" (Sabiq, 2004, p. 1069). Withholding means that the assets cannot be sold or disposed of in any way, releasing the proceed means that the benefit or *usufruct* can be obtained from the asset without consuming it, need to be spent in the way as permitted by Allah s.w.t (Kahf, 2003). *Waqf* is also known as a perpetual endowment created in the form of property, money or other items for charitable or religious purposes and the *usufruct* (benefit) is confined to the society as a whole or for a specific segment of society in

need (Hassan & Shahid, 2010). This religious act is one of the commendable forms of charity and repeatedly encouraged and mentioned in the *Quran* and *Sunnah*.

*“The parable of those who spend their wealth in Allah’s way is as the parable of grain; it grows seven ears, and in each ear, there are a hundred grains. Allah gives manifold increase to whom He wills. And Allah is All-Embracing, All-Knowing”.* (Al Baqarah: 261)

From a *Hadith* of Abu Hurairah r.a. who reported that Rasulullah s.a.w said:

*“When the son of Adam dies, his deeds are cut of except in three: perpetual charitable donation and useful knowledge that is made good use of it and the pious son who prays for him.”* Narrated by Muslim

Given these explanations, the role of *waqf* can be portrayed as the mechanism for the social and economic development of Muslim society continue throughout the Islamic history until today (Laldin & Hafas, 2013). Initially *waqf* was dedicated to creating and maintaining religious institutions such as mosques or other places of worships, but later, the role of *waqf* was extended to other socio-economic welfare of the society such as building and maintaining universities, schools, hospitals, graveyards, orphanages, and others (Mahamood, 2000).

The perpetuity of *waqf* implies that *waqf* property needs to be preserved and the benefits can be gained without consuming it (Kahf, 2003). When a *waqif* (a person who *waqf* his assets) surrenders his properties as *waqf*, the properties are no longer his as the ownership of any *waqf* property belongs to Allah s.w.t. Therefore, an administrator or trustee (*mutawalli* or *nazer*) has to be appointed to manage the properties in order to ensure perpetuity and that the benefits will be continually disseminated to the beneficiaries.

### *Waqf Institutions in Malaysia*

In Malaysia, the institutions that are given the authority to manage *waqf* as elected by the Federal Constitution and State Enactments are the State Islamic Religious Councils (SIRCs). According to Article 3 of the Malaysian Federal Constitution, all administrations pertaining to Islamic affairs are vested in Malay Rulers and their respective state governments. List II- State List (1) of the Ninth Schedule in the Constitution lists down all the Islamic matters that fall under the jurisdiction of the state which includes *waqf* (Rani & Aziz, 2010).

There are fourteen states in the country. Every state established the SIRC in accordance with the state enactment which the main functions are to assist and advise the Malay Ruler and develop policies on matters pertaining to Islam. The laws pertaining to the administration of the Islamic affairs in the state, including the administration of *waqf*, are laid down in the Administration of The Religion of Islam Enactment of every SIRCs (Siraj, 2012). In order to execute the administration of *waqf*, the SIRCs have established a dedicated *waqf* unit or department in the council or an agency to run the administration of *waqf* within its jurisdiction (Sulaiman & Zakari, 2015).

### **Performance Measurement of *Waqf* Institutions**

This study focuses on the performance of *waqf* institutions in Malaysia. Since the main purpose of *waqf* is to fulfill non-profit purposes and its nature is similar to non-profit organizations (Ramli & Muhamed, 2013), the definition and measurement of performance for the non-profit organizations will be applied to measure the performance of *waqf* institutions. In a related view, Ihsan and Ayedh (2015) suggested that *waqf* institutions have similar characteristics with non-profit organizations and can be considered in the same category, as the formation of these organizations is to benefit the society. Berman (2015, p. 5) defined

performance as “the effective and efficient use of resources to achieve results and objectives”. There has been argument on the measurement that relates to the performance of non-profit organizations (Epstein & McFarlan, 2011) and particularly for *waqf* institutions. This is due to the complexity of the measurement as these organizations focus and emphasize on achieving their missions in which the accomplishments are difficult to measure. Fishel (2003) posited that the measurement has to consider the formation of the organization enables to achieve social, cultural, welfare or religious objectives. In general, the performance measurement of any organization in the social sector should be driven by its mission and goals (Ebrahim & Rangan, 2014). Based on the argument, it can be said that performance measurement is very close and directly related to the objectives of an organization.

A recent study by Lee and Nowell (2015) on performance measurement for non-profit organizations, identified various perspectives that can be adopted in measuring and conceptualizing performance of the non-profit organization. The perspectives are inputs, organizational capacity, outputs, outcomes, public value accomplishments and network/institutional legitimacy. These perspectives offer valuable insight for *waqf* institutions to measure their performance based on non-financial measurements. Therefore, the relevant perspectives of *waqf* performance measurement adapted in this study are input, output, outcome and network.

Input refers to the resources that are dedicated to the operation, and is necessary for producing goods and delivering services of any organization. In this context, financial and non-financial resources are being acquired and utilized efficiently in order to ensure sustainability, and support the operation in achieving the objectives of the organization (Helmig, Ingerfurth, & Pinz, 2014). Output refers to the goods and services that resulted from the organization’s activities (Cordery &

Sinclair, 2013). This perspective measures the effectiveness in managing inputs that are related with the accomplishment (Berman, 2015) and associated with the short term objectives (Mitchell, 2012) of the organization. Outcome is defined as the effects and impacts of the goods and services delivered by an organization on the beneficiaries, (Cordery & Sinclair, 2013) and normally related with the long term goal of the organization (Mitchell, 2012). Network denotes how well an organization manages its relationship with other parties and forms a reputation for trustworthiness and excellence within the network (Lee & Nowell, 2015). This includes collaborating with other organizations which helps to reduce cost and duplication of efforts (Guo & Acar, 2005).

#### *Maqasid Waqf*

The formulation of performance measurement for *waqf* institutions needs to be guided by the objectives or *maqasid* of *waqf*. *Maqasid* derived from the word *Maqasa* or *Qasad* which means objective, goal, aim, resolution, purpose, design, intent, intention or destination (Cowan, 1980, p. 767). *Maqasid waqf* signifies that the ultimate aim of *waqf* is doing good deeds for the sake of Allah SWT (Mahmud & Shah, 2010). The terms relate with *maqasid shariah* which means the objectives of the divine law from Allah SWT. According to Imam al-Ghazali, “the objective of the Shari`ah is to promote the well-being of all mankind, which lies in safeguarding their faith (*din*), their human self (*nafs*), their intellect (*`aql*), their posterity (*nasl*) and their wealth (*mal*)”. The majority of Islamic scholars agree that the basic objectives of *shariah* are for *maslahah* which means to preserve public good, establish justice and prevent vices or corruption (Chapra, 1996).

According to Al-Shatibi, who closely followed al-Gazali taxonomy, there are three main classifications of *maslahah*, namely, necessities (*daruriyyat*), needs (*hajiyyat*) and embellishment (*tahsiniyyat*). *Daruriyyat* involves the protection of basic necessities

needed by the society which includes faith, life, intellect, posterity and wealth. The absence of these elements may lead to destruction of the society. *Hajiyyat* refers to the complementary that facilitate the necessities in order to avoid hardship, distress and predicament though the non-existence of the elements do not lead to destruction. *Tahsiniyyat* denotes the interest that lead to the enhancement of manners and mores of the society. Its absence, however, neither lead to destruction or hardship to the life of the society (Dusuki & Abdullah, 2007).

In the context of *waqf*, the overall management of *waqf* has to take into consideration of *maqasid waqf* Laldin, Mahmud, Sawari, and Fuad (2012) opined that *maqasid waqf* covers the overall *masalah* for the society and does not confine to any specific good deeds. *Waqf* also plays an important role in preserving *daruriyyat*, *hajiyyat* and *tahsiniyyat*. Among the issues that relate with the *maqasid waqaf*, as discussed by him, are the needs and priorities of *waqf* investment, continuous monitoring of *waqf* assets and replacement of *waqf* assets (*istibdal*). On the other hand, Ibrahim and Khan (2015) focus on the preservation of *waqf* properties which include protection from harm and destruction, illegal occupation, freedom from corruption, ensuring transparency and accountability, and fulfillment of conditions in *waqf* agreement. Other objectives of *waqf* as highlighted by Al-Mubarak (2016) are safeguarding the perpetuity of *waqf* by ensuring the economic activities should be sustainable, efficient, economically viable and profitable, equitable distribution of wealth and contribution to the construction of civilization.

The *maqasid waqf* discussed above will be integrated with the performance measurement dimensions adapted in this study. This integration will allow *waqf* institutions performance to be assessed with comprehensive, fair and holistic measurements.

## Methodology

This study first reviewed literature from the works of previous scholars in order to gain an insight on *waqf*, the administration of *waqf* institutions, organizational performance measurement, and *maqasid waqf*.

The second stage of the study utilized the qualitative method to explore the ideal *waqf* performance measurement indicators based on the perspectives of *waqf* institutions. Data was collected through face to face semi-structured interview with *waqf* managers and an Islamic scholar. By utilizing purposive sampling (Sekaran & Bougie, 2013), the interviewees comprised of the heads of *waqf* department from selected *waqf* institutions (2 participants). Apart from these experts, an Islamic scholar was interviewed to gain the insight of *maqasid waqf* elements that can be incorporated into the performance measurement dimensions.

All interviews were recorded with the permission of the participants and transcribed immediately in order to ensure the accuracy and validity of the data (Perakyla, 1997). Data gathered from the interviews was analyzed through thematic coding (Boyatzis, 1998) of three concurrent flows of activities: data reduction, data display and the drawing of the conclusion (Miles & Huberman, 1994). NVivo 10 software was used in the data analysis process. The findings from the interview data analysis were used to identify the indicators as well as the formulation of the initial draft of the performance measurement model for *waqf* institutions.

## Results and Discussion

### *Discussion of Interview Findings*

The analysis of the interview revealed the existing practice of performance measurement in *waqf* institutions, the indicators as suggested by *waqf* managers and the overview of *maqasid waqf*. There is an agreement among the managers and the Islamic scholar that the management of

*waqf* should take into consideration the elements of *maqasid waqf*.

#### *Waqf Managers*

*We don't have any specific performance measurement for the overall waqf management. But we have SKT (Sasaran Kerja Tahunan) for every department and individual staff to achieve and used in the staff appraisal at the end of the year.*

*... I think we need to have a performance measurement system, a framework in which we can measure the performance, for example the land registration, promotion, collection and distribution of waqf.*

The above interviews indicate that at present, *waqf* institutions do not evaluate the overall performance of *waqf* management as there is no specific evaluation instrument for them to adopt. In particular, the manager suggested that there is a need to have a specific performance measurement system in which the management

of *waqf* can be measured. Therefore, the model proposed in this study can be adapted by *waqf* institutions to facilitate them to measure their performance and take necessary action for improvement.

*The objectives of waqf institutions is to add value to waqf assets and the management of waqf, to inculcate religious endowment practices among the society towards the socio economic development of the ummah, based on sharia (Islamic law). ... in any waqf assets development, we need to observe the shariah.*

The above statement infers that *waqf* institutions also have to comply with the *shariah* in every aspect of their activities in achieving the objectives.

Based on further interviews, both *waqf* managers proposed the following performance measurement indicators that can be used to assess the management of *waqf*. The indicators are depicted in Table 1.

Table 1: The Dimensions and Indicators of Performance Measurement for *Waqf* Institutions

No	Dimensions	Items	Indicators		
1.	Input/Resources	Waqf Land and Premises	Registration of <i>waqf</i> land		
			Profiling of <i>waqf</i> land		
			Valuation of <i>waqf</i> properties		
			Categorization of land based on type (specific or general <i>waqf</i> )/intention of <i>waqif</i> /value		
			Prepare <i>Waqf</i> Land Development Plan		
			<i>Waqf</i> land bank through <i>waqf Irsod</i> (land given by the government)		
			Maintenance of <i>waqf</i> land		
			Prevention of intrusion on <i>waqf</i> land		
			<i>Waqf</i> land need to be gazette		
			Development of <i>waqf</i> land		
			Fulfill the intention of <i>waqif</i>		
		Cash <i>Waqf</i>	Marketing strategy through		
			Methods of collection		
			Increase in <i>waqf</i> cash collection		
			Investment of cash <i>waqf</i>		
			Distribution/utilization of cash <i>waqf</i>		
		Funding	Availability of fund for <i>waqf</i> assets development		
			Availability of fund to run the operation		
			Revenue provision for <i>mutawalli</i>		
			Cost control		
		Human Resources	Adequate number of staff		
			Adequate qualified staff		
			Adequate training for the staff		
			Adequate technical staff		
			Staff motivation		
			Staff qualification match with the job		
			Suitable remuneration scheme for the staff		
2.	Output/ Services	<i>Waqf</i> Land	Fulfill the intention of <i>waqif</i>		
			Distribution of <i>usufruct</i> (benefits) to the beneficiaries		
		<i>Waqf</i> Premises	Maintenance of <i>waqf</i> premises		
			Rent or lease out <i>waqf</i> premises		
			Proper and complete rental agreement		
			Reasonable rental rate		
			Rental income collection		
			Collection of rental arrears		
			Build affordable houses for the people		
		Education on <i>waqf</i> to the society	Organize <i>waqf</i> awareness program		
			Publicity on <i>waqf</i> activities and achievement		
		Customer	Customers satisfaction		
			Customers complaint		
		3.	Impact	On the Society	Public awareness on <i>waqf</i>
					Public participant on <i>waqf</i>

No	Dimensions	Items	Indicators
4.	Network/ Collaboration	Government Departments	JAWHAR - To facilitate and coordinate <i>waqf</i> institutions - Government funding
			State government
			Land office - <i>Waqf</i> land registration
		Government Agencies	Jabatan Penilaian Negara - Valuation of <i>waqf</i> properties
			Yayasan Wakaf Malaysia - Collection of cash <i>waqf</i> through salary deduction - Development of <i>waqf</i> properties
			Other Institutions
University – in doing research and development, <i>waqf</i> education Corporations - Corporate <i>waqf</i> Hospital – <i>waqf</i> clinic Mosque – service center for <i>waqf</i> Developer – <i>waqf</i> asset development Financial institutions – finance <i>waqf</i> projects			

## Islamic Scholar

*Waqf is discussed in the book of fiqh, in the field of shariah. So it is consistent with the requirements of shariah, the purpose and objective of shariah.. What is the purpose of Allah to reveal the shariah, the Islamic law, the Quran? It is to protect the religion of Islam. Therefore the purpose of waqf is also to protect the faith, life, intellect, ancestry, wealth and wealth. It does not confine only to the protection of wealth.*

*Among the examples, waqf land is used to build mosques for congregation prayers and establish strong unity among the society. Strong and united society will be able to preserve the religion. If we build waqf hospitals, this will provide health and medical care, nurture our children and elders for free. The purpose of waqf is also to preserve the intellect and advancing knowledge. University al Azhar is a waqf university and has been producing a number of Islamic scholars.*

*In term of priority, the utilization of waqf assets needs to fulfill the Daruriyyat, the basic necessities first, then followed by any complimentary and enhancement matters*

The above interviews are consistent with Al-Mubarak, (2016) who suggested that *maqasid waqf* falls under the specific category of *maqasid muamalat* which is part of the *maqasid shariah*. Laldin et al. (2012) also pointed out that the *maqasid waqf* should cover the overall *maslahah* that are to protect religion, life, intellect, property and posterity. The execution of any *waqf* activities must be in accordance with the priority of *daruriyyat*, *hajiyyat* and *tahsiniyyat*.

*Mutawalli has to observe the intention of waqif on the waqf assets. If there is a need to utilize the asset not in accordance with waqif intention, mutawalli has to negotiate with him. Based on the hukum (rule), the mutawalli cannot force the waqif to change his intention.*

*Waqf institutions need to ensure that the management of waqf must follow the hukum (stipulated rules) especially with regards to the fulfillment of waqif's intention. Overall, the analysis of the interview revealed the following considerations in relation to the existing practice of performance measurement in waqf institutions, the indicators as suggested by waqf managers, the need to observe the shariah and the overview of maqasid waqf. There is an*

agreement among the managers and the Islamic scholar that the management of *waqf* should take into consideration the elements of *maqasid waqf* and *shariah* compliance.

### Development of Performance Measurement Model for *Waqf* Institutions

Based on the extensive literature review and the interviews with the *waqf* managers and the Islamic scholar, the draft of performance measurement model for *waqf* institutions is formulated and shown in Figure 1, below:

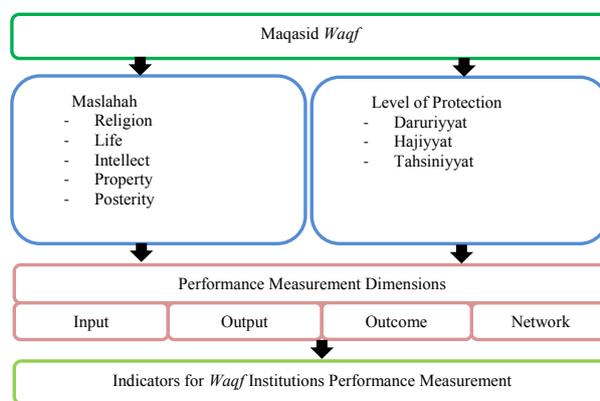


Figure 1: Performance Measurement Model for *Waqf* Institutions

In this model, it is suggested that the *maqasid waqf* be incorporated into the dimensions of performance measurement and form the overall performance measurement practices for *waqf* institutions. This is because the *maqasid* of *waqf* covers the overall *maslahah* and is not confine to the protection of wealth (Laldin et al., 2012). According to Laldin et al. (2012), *waqf* management to be undertaken by *waqf* institutions should be prioritized in accordance with the level of protection that are *daruriyyat*, *hajiyyat* and *tahsiniyyat*. Every dimension of the performance measurement will take into consideration the elements of *maslahah* that are the protection of religion, life, intellect, property and posterity. The dimensions and indicators derived from the non-profit organization performance measurement studies and results of the interviews. The dimensions are classified into input, output, outcome and network,

which denote the important areas that should encompass the performance measurement.

Input refers to the resources that are dedicated to the activities of *waqf* institutions and necessary in delivering services to the society. This dimension focus on how the institutions acquire and utilize the resources to support their operation, in achieving their objectives (Connolly & Hyndman, 2004). Among the resources are *waqf* land and premises, cash *waqf*, *waqf* fund and staff that relate to the management of *waqf*. These are the resources that *waqf* institutions are obliged to take care in accordance with the mission, objectives and functions of the institutions. Among the indicators to measure the performance of resources management, is *waqf* properties are registered under the name of the institutions in order to protect the ownership and perpetuity of the properties. The institutions need to gazette the properties as required by *Waqf* Enactment. The utilization and development of the *waqf* assets have to take into consideration the intention of *waqif* and the needs of the society in accordance with the priority.

Output indicates the services rendered by *waqf* institutions to beneficiaries and society at large (Mitchell, 2012). The services include rental of *waqf* properties, providing affordable residential and public facilities, and educate the society on the significance of *waqf* in Islam. Among the measurements of these services is the fulfillment of *waqif* intention on utilization *waqf* properties, as required by the *shariah* (rule) and distribution of the *usufruct* (benefit derived from *waqf* assets) to the *maukuf-alaih* (beneficiaries) in accordance with the agreed allocation. Education on the importance of *waqf* plays a role not only in creating awareness and encouraging participation from the society, but also to strengthen their faith in Allah SWT. Based on surah Al-Imran:92 in the Al-Quran, Al-Mubarak (2016) suggests that one of the main *maqasid waqf* is to purify one's heart by avoiding greed, selfishness and willing to sacrifice his best possessions in exchange

for the pleasure of Allah. Therefore *waqf* institutions need to enhance and strengthen their *waqf* awareness program in order to educate the society on the significance of *waqf* and encourage them to participate in *waqf* activities.

Outcome is defined as the effects and impact of the good and services delivered by an organization on the beneficiaries (Cordery & Sinclair, 2013) and normally related with the long-term goal of the organization (Mitchell, 2012). This dimension signifies the changes in behavior and environment of the intended population resulted from goods and services rendered by the organization (Epstein & McFarlan, 2011). The impact is measured by comparing the level of the attribute of beneficiaries or population before and after they received the goods and services in order to know the effectiveness of the organization's activities (MacIndoe & Barman, 2012). *Waqf* can give great impact on the social and economic wellbeing to society if it being efficiently and effectively managed. This has been proven during the Ottoman period where health, education, and welfare were financed by *waqf* (Toraman, Tuncsiper, & Yilmaz, 2007). However, according to one of the interview participants, at present, *waqf* in Malaysia is at the stage of revitalization. Therefore, the impact of *waqf* on the society has yet to be seen. It has been suggested that at present, the impact can be measured based on the growth of awareness and participation of the public in *waqf* activities.

Network focuses on how an organization maintain a positive relationship and establish a reputation with the stakeholders and other organizations (Lee & Nowell, 2015). This can be done by establishing collaboration between one institution with another. Collaboration helps in eliminating duplication of function and subsequently reduce costs (Guo & Acar, 2005). *Waqf* institutions can collaborate with the institutions who have the same objectives or having the resources that they can share and utilize. Among the institutions that can collaborate with *waqf* institutions are the government departments, government agencies,

financial institutions, corporations, universities, hospitals and mosques. For example, *waqf* institutions can collaborate with government departments to facilitate the registration and valuation of *waqf* land, financial institutions to finance *waqf* projects, corporations to generate *waqf* fund through corporate cash *waqf* and mosque to provide better and easy excess of services to the society.

The performance measurement model developed in this study will become a tool for *waqf* institutions to know the extent of their performance and facilitate them to take necessary action for improvement. The indicators identified in the study become the best practices and benchmark for them to manage their activities in achieving their objective, mission, and vision. The integration of Islamic elements in any management practices may provide a holistic and better guideline for Islamic institutions to execute the responsibility entrusted to them. Therefore, the incorporation of performance measurement indicators with the elements of *maqasid waqf* provides a comprehensive and holistic performance measurement model for *waqf* institutions.

## Conclusion

This research explores the indicators of performance measurement for *waqf* institutions from the perspectives of *waqf* managers in Malaysia. The indicators provide an insight in formulating a holistic performance measurement model by incorporating performance dimensions from the non-profit organization practices and the elements of *maqasid waqf*. The dimensions are input, output, outcome and network. Every dimension takes into consideration the *maqasid waqf* element that is to protect religion, life, intellect, posterity, and wealth in accordance with the priority of *daruriyyat*, *hajiyyat* and *tahsiniyyat*. It is important to incorporate these elements because *waqf* is a way of submission to Allah SWT and enshrined within the *Quran* and *Sunnah*. Thus, the conduct of *waqf* activities should be in line with Islamic principles and

values. The performance measures developed fill the current gap in measuring the performance of waqf institutions where the current performance measures lack the integration of the maqasid element.

The performance measurement model developed in this study can become a self-assessment and self-improvement tool for *waqf* institutions to optimize their management of waqf assets. More importantly, the incorporation of maqasid element provides an appropriate measurement tool that can guide *waqf* institutions to carry out their responsibilities entrusted to them and discharge their accountability to the stakeholders. In addition, relevant monitoring authorities will also be able to use more appropriate performance measures in monitoring and providing relevant capability trainings of waqf institutions. However, the findings of this study are limited to the small number of participants in the data collection process. Future research can be enhanced by more comprehensive data collection in order to have a more accurate and comprehensive findings that can strengthen the formulation of the model. The proposed model has the potential to be adapted to other organisations where the measurement of maqasid element is applicable.

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