

Performance Measurement System in the Governance of Waqf Institution: A Concept Note

Aliza Ramli*

Faculty of Accountancy, Universiti Teknologi MARA, Puncak Alam, Malaysia

Fadzlina Fahmi

Faculty of Accountancy, Universiti Teknologi MARA, Puncak Alam, Malaysia

Faizah Darus

Faculty of Accountancy, Puncak Alam & Accounting Research Institute Universiti Teknologi MARA, Shah Alam, Malaysia

Zarinah Abdul Rasit

Faculty of Accountancy, Universiti Teknologi MARA, Puncak Alam, Malaysia

Abstract

Although reports revealed substantial improvements have been reported in the accounting and reporting of waqf properties, the lack of a sound internal control mechanism is of concern. The existing practice of performance measurement among waqf institutions is less standardised and did not consider their overall performance as a religious and voluntary institution. Organisations engagement in waqf affairs has also caused various issues relating to the ineffectiveness of management and administration of waqf assets. Thus, a systematic and comprehensive performance measurement system is required to adequately assess the performance and ensure proper governance of waqf institutions. Drawing from the Balance Scorecard (BSC) framework and Islamic concept, the paper aims to study and analyse relevant literature on the performance measurements for waqf institution and to develop a holistic performance measurement model suitable to assess the performance of waqf institutions. In this concept paper, the inductive and deductive methods besides analysis of relevant literature were utilised to arrive at the findings. A fifth perspective has been added to the traditional BSC framework. The fifth dimension focuses on the assessment of all activities of waqf institutions in accordance with the Shariah principles. The paper concludes that the governance of waqf entity can be achieved through a sound internal control system, which suggests the implementation of a shariah-based performance measurement system that incorporates both qualitative and quantitative dimensions to examine its current stance better. This type of performance measurement system can also ensure accountability and transparency of waqf institutions, as well as for them to strategize their initiatives better to contribute to long-term wealth creation of the society. The framework developed in this study can be utilised to provide one possible way for management of waqf institutions to address the issues arise from the inefficiency in managing waqf resources.

Keywords: Waqf; BSC; Performance measurement system, Shariah; Governance.



CC BY: [Creative Commons Attribution License 4.0](https://creativecommons.org/licenses/by/4.0/)

1. Introduction

Waqf, a well-grounded public wealth-sharing platform is one of the means to enhance the welfare of the ummah. Muslims carry out voluntary act through waqf to contribute to achieve equitable economic growth for the ummah and to obtain the blessing of Allah as well as, to gain eternal reward even in the hereafter throughout the useful life of the assets endowed. Thus, waqf has the potential to enhance the socio-economic welfare of the society (Arshad and Mohd Zain, 2017; Ramli *et al.*, 2018a; Zuki, 2012). Under the perpetual voluntary concept, the utilization of assets that have permanent existent to benefit the society can facilitate the distribution of public wealth (Shafii *et al.*, 2014). The evidence that relates to waqf can be inferred from Surah Al Imran in the Quran, "You shall not receive goodness unless you spend out of that which is dear to You". Further evidence can be gleaned from the saying of the Prophet (peace be upon him)

"When human being dies, his work for God comes to an end except for three: a lasting charity, knowledge that benefits others and a good child who calls on God for his favour." (Sahih Muslim, Book of Wills, Hadith No. 4005)

Thus, complying with the verse, Abu Talha endowed his exquisite garden for waqf that was favoured by the Prophet (peace be upon him). In this context, waqf institution within the realm of Islamic social finance framework can be seen as a useful social intermediary platform to achieve an effective utilisation of perpetual social savings (Shaikh *et al.*, 2017). They also argued that waqf institution is an important institution in the Islamic social framework because it can promote socially empathetic behavior effectively towards achieving higher economic impact in specific segments of the society.

According to Latiff *et al.* (2008), waqf institutions are seen as the driving force for the constructions of mosques, which also established the mosques as a centre of education, cultural and administration. They added that

*Corresponding Author

waqf institutions had played a significant role in reinforcing religious practices and sustaining Muslim civilisation. Since the apex of Islam, waqf is always regarded as one of the most influential social mechanism to achieve the objective of an equitable distribution of wealth in the Islamic economic system. However, institutions that managed waqf assets in Malaysia faced recurring issues such as the lack of management, mismanagement, and accountability that are associated with waqf authorities (Ibrahim and Ibrahim, 2013). As such, the revival of waqf has taken place in Malaysia (Ramli *et al.*, 2018a; Siraj and Iamail, 2015) as well as, in several Muslim countries such as Sri Lanka, Sudan and Indonesia (Ihsan and Ibrahim, 2011). The government in these countries realised the urgency for the revival of waqf towards creating a better society (Ihsan and Ibrahim, 2011) and increasing demands for better accountability in public sector organizations besides the emergence of Islamic economics in the region (Siraj and Iamail, 2015). For example, Ihsan and Ibrahim (2011) stated that to regulate waqf institutions in Indonesia, the Government of the country has enacted a new waqf act. While in Malaysia, the Government's revival of waqf management involved initiatives such as corporate management of Islamic endowments or waqf to enhance the country's Islamic finance industry (Ibrahim and Ibrahim, 2013).

Sulaiman (2007), examined the internal procedures in relation to the concept of income and disbursement of funds of the state mosques in the western region of Malaysia. She found that strong internal control system of income receipts and disbursement of funds is presence in these mosques. Segregation of duties, recording of financial transactions and authorization of specific activities which were some of their basic control activities have been undertaken satisfactorily (Sulaiman, 2007). Using case study method, Hisham (2006) examined the waqf administration and management by comparing accounting practices in the Federal Territory State Islamic Religious Council (SIRC) in Malaysia with the Statement of Recommended Practices for Charities (Statement of Recommended Practices for Charities, 2005) in the United Kingdom. Data were collected from multiple sources of evidence which comprised of interviews, observations and document reviews. He discovered that improvement in waqf bookkeeping was made at the Federal Territory SIRC. However, there was no independent financial statement for waqf and no separation between different types of waqf. Hisham (2006) recommended that some accounting practices for waqf ought to refer, to Statement of Recommended Practices for Charities (2005) to improve waqf accounting and reporting so as to ensure the accountability of waqf administrator. Similarly, Siraj and Iamail (2015) conducted a survey followed by semi-structured interviews with senior officers employed at 13 SIRC's to empirically investigate the strategic planning and accountability aspects of the waqf management in Malaysia. The study revealed that SIRC's used strategic planning as planning and control tool. The strategic planning is characterise as budgetary in nature and which did not emphasize efficiency and effectiveness of resource utilization. The results also indicated that strategic planning in SIRC's is considered as reactionary. It was greatly influence by external requirements, such that these practices present the current state of the extent of accountability and effectiveness of the waqf management in Malaysia.

Although with the substantial improvement of accounting and reporting of waqf properties, studies reported that a sound internal control mechanism is still an issue within this sector (Ali *et al.*, 2016; Johari *et al.*, 2016). It is also argued that the current practice of performance measurement in waqf institutions is less standardised and they did not consider their overall performance as a religious and a voluntary institution (Noordin *et al.*, 2017). They also found that the majority of waqf institutions heavily utilised the financial reporting and economic indicators to report to the stakeholders concerning the performance of organisations. This situation suggests the dominant use of financial measures which may lead to inaccurate evaluation of an institution's performance. Therefore, it is against this backdrop that a systematic and comprehensive performance measurement model is proposed to adequately assess the performance of waqf institutions. The aim of the paper is two folds; (i) to study and analyse relevant literature on the performance measurements for waqf institution and (ii) to develop a comprehensive performance measurement model by integrating the BSC framework with Shariah principle for waqf institutions. The novelty of this paper is the development of shariah-based waqf performance measurement model that will enhance the governance of this sector.

This paper is conceptual and theoretical base and, the inductive and deductive methods were utilised to analyse the relevant literature to arrive at the findings. The remainder of this paper is organized as follows. Section 2 provides the relevant literature review while section 3 discusses the methods of analysis. Section 4 presents the findings. The final section concludes the paper.

2. Literature Review

2.1. Performance Measurement System

Studies on waqf have increased over the years. These studies cover a wide area such as the management and distribution of waqf assets (Saad *et al.*, 2013), accounting for waqf (Ihsan and Ibrahim, 2011), financing and development of waqf properties (Ismail and Mohsin, 2013), corporate waqf (Ibrahim and Ibrahim, 2013; Ramli and Jalil, 2013), and performance measurement (Arshad and Mohd Zain, 2017; Noordin *et al.*, 2017; Shafii *et al.*, 2014). Despite the significant role of waqf organisations in contributing towards fulfilling the social goal of Islamic wealth management, there have been growing concerns among researchers and the society on the effectiveness of waqf management by the institutions. Since waqf institutions were set up to oversee the management and distribution of waqf assets, their policies and waqf practice must comply with the principles of Shariah. Darus *et al.* (2017), explained that Islamic companies operate their business on the principles of Shariah; thus, their CSR policies and practices should be based on Islamic laws and principles and in accordance to the Quran and the Sunnah. Learning from this view, Islamic organisations such as waqf institutions ought to ensure their practices and actions must also base on the principles of Shariah as revealed in the Quran and Sunnah.

Therefore, a PMS that incorporates the principles of Shariah should be used to examine the performance of waqf institutions. In other words, the management of public assets must premise upon accountability and transparency. In this aspect, the financial reports of waqf institutions must be provided to ensure that transparency and accountability are upheld as demanded by the stakeholders (Shafii *et al.*, 2014). Hence, it is appropriate that the PMS for waqf institutions be discussed based on the accountability and management of organisations. In the Islamic context, accountability is about trust and khalifah or vicegerent (Sulaiman *et al.*, 2009). They further emphasised that an individual's primary accountability is to the creator Allah while the secondary accountability is to others based on the contract established by both parties. As reported in the Quran (Al Baqarah: 284),

“To Allah belongs whatever is in the heavens and whatever is in the earth. Whether you show what is within yourselves or conceal it, Allah SWT will bring you to account for it. The, He will forgive whom He wills and punish whom He wills, and Allah SWT is over all things competent.”

The primary responsibility can be carried by following the Shariah rules. The concept of accountability in Islam indicates that effective management of waqf institutions hinges on the establishment of the relationship between the provider and the trustee or manager of waqf funds. Masruki and Shafii (2013), pointed out that accounting could enhance the best practice in waqf institution and as such, the trustee or mutawalli's accountability in waqf administration and management can be discharge to various stakeholders (giver, waqf board, non-governmental organisation (NGO) and beneficiaries) through accounting. The authors added that since waqf practices among Muslims could benefit the society especially the needy, to satisfy the provider of waqf funds, the roles of the mutawalli is deemed crucial to discharge the accountability in the administration and management of waqf funds. These views are consistent with the view of Lewis (2006) who stated that since the main objective of an accounting system is to facilitate accountability those responsible for the economic resources should provide an account of their stewardship even though the particular transactions and resources belong to a governmental body or a private sector. Nevertheless, it is obvious that in waqf institutions, the building of accountability is extremely important to ensure mutawalli's accountability (Masruki and Shafii, 2013). Hence, it is crucial that an appropriate performance measurement system is in place so that the stakeholders involved can be assess too to ensure the effective administrative and management of waqf assets.

2.2. Contemporary Performance Measurement System

Although the performance of organisations has been conventionally assessed using only the financial measures such as profit figures, return on assets and standard variances (Johnson and Kaplan, 1987), it is necessary to incorporate the non-financial measures to achieve a comprehensive evaluation of the company. The reliance on financial measures may cause an organisation to inaccurately evaluate the real health of its performance (Narayanamma and Sukanyas, 2013). Such measures that reflect historical performance outcomes can lead to the information obtained to be of irrelevant to enhance the current performance of an organisation (Johnson and Kaplan, 1987). Hence, a performance measurement system (PMS) that incorporates both financial, as well as non-financial measures has been developed to address the issue concerned. According to Amir (2011) and, Hoque and James (2000), PMS is a management tool that enables managers to monitor the internal and external environment of companies so that their strategic objectives can be achieved. By utilising such a system, companies will be able to plan, measure and control its performance in line with the business strategy (Kairu *et al.*, 2013).

In the context of waqf institutions, many of them faced difficulties to evaluate their performance in a comprehensive manner suggesting in this situation the non-economic indicators are ignored (Noordin *et al.*, 2017). The authors stated that non-economic indicators would be able to cover a broader aspect of waqf practices such as growth, effectiveness, transparency and sustainability. The current performance measures used significantly stem from 'top-down' directive rather than voluntary norm or culture within the management of waqf institutions (Noordin *et al.*, 2017). In essence, it is confined to only key performance indicators (KPI), quality work culture initiatives and remuneration-related performance measurement. Noordin *et al.* (2017), added that donors of waqf also put pressure on waqf institutions to adopt a comprehensive PMS as the drive to endow properties is the joy of obtaining the blessings of Allah as well as, the everlasting reward in the afterworld. It is imperative that waqf institutions determine their performance as to whether they have successfully achieved waqf missions and objectives as expected of them (Arshad and Mohd Zain, 2017). They highlighted that the degree of the performance of waqf institutions would facilitate the institutions to gain support from the public and confidence of the investors to invest in developing waqf properties. Even though there has been an increase in demand for waqf services, research showed the failure to adequately capture and evaluate the performance of waqf institutions, may consequently reduce the flow of fund from donors (Khalil *et al.*, 2014). In addition to that, the limited studies, specifically empirically based type studies on performance measurement for waqf institutions suggest the focus is on financial ratios (Sulaiman and Zakari, 2015) instead of considering both financial and non-financial measures in assessing waqf institutions. Therefore, premised on the issues discussed, the performance of waqf institutions necessitates the most suitable measurement (Arshad and Mohd Zain, 2017) that incorporates both types of measures. In this regard, the Balanced Scorecard (BSC) concept can be adopted and customised to adequately evaluate the management and distribution of waqf assets in waqf institutions.

2.3. The BSC Concept

The BSC is a strategic performance management framework that has been designed to help organisation monitor its performance and manage the execution of its strategy. Since its introduction, the BSC has enjoyed significant success. The Harvard Business School voted the BSC as one of the most influential business ideas over the past 75

years (Kaplan and Norton, 2005). The BSC is the sixth most widely used management tool across the globe, and it has achieved one of the highest overall satisfaction ratings (Ibrahim, 2014). The BSC technique is widely used in both the public and not for profit sector (Ibrahim, 2014). For example, besides the manufacturing companies (Ibrahim, 2014) and construction companies (Chan and Hiap, 2012), the BSC is also used in the government agencies (Zin *et al.*, 2013), small and medium enterprises (Suprpto *et al.*, 2009) and both public and private healthcare providers (Shukri and Ramli, 2015). The BSC, a management accounting technique can align the business activities to the vision and strategy of the company, monitor performance of the institution and enhance internal and external communication (Chan and Ho, 2000; Kaplan and Norton, 1996).

The BSC can link PMS to a company's strategy (Kaplan and Norton, 2005). It integrates both elements of economic and non-economic measures, and it consists of four perspectives: financial, customer, internal business process, and learning and growth. Excluding the financial perspective, the remaining dimensions reflect the non-financial aspect of the BSC. The financial perspective defines the long run financial objectives of the company as well as, a mechanism for control and motivation within the business (Okwo and Marire, 2012). Customer perspective covers the customer objectives such as market share goals, customer satisfaction and, product and service attributes. Companies are recommended to establish a goal for each of the areas and translate each goal into one or more specific areas, which include customer retention rate and on time delivery (Kaplan and Norton, 1996). The internal business process perspective is closely linked to the customer perspective concerning how customer performance is achieved from all processes and actions within the company (Kaplan and Norton, 1996). They explained that managers are required to focus on the critical internal operations that enable them to satisfy the needs of consumers. They added that the emphasis should be on the internal process that impacts customer satisfaction such as quality, productivity and employee skills. The learning and growth perspective covers the intangible drivers for future success such as human capital, organisational capital and information capital (Ibrahim, 2014). As a consequent, it will improve the ability of companies to launch new products, improve services and enter a new market (Kippenberger, 1996).

The application of the BSC to bridge the gap between organisational mission and operational daily activities would facilitate waqf companies to obtain fair balance in meeting diverse information needs for different users in accordance to the four perspectives (financial, internal business process, learning and growth and customer) inherent in the tool (Noordin *et al.*, 2017). Given this, the BSC should not be used as a way to achieve additional top-down control since employees may not favour supporting the goals and measures if they are used to go against them by the management (Ibrahim, 2014). The tool should not also be a standardised system rather the BSC should be customised to the goals to be achieved by the departments or individuals involved according to the ability to influenced them (Kaplan and Norton, 1996; Sawalqa *et al.*, 2011). This view is consistent with the views of Ramli (2010) and Ramli *et al.* (2018b) about the consideration of local contextualisation to ensure successful implementation of a management accounting technique.

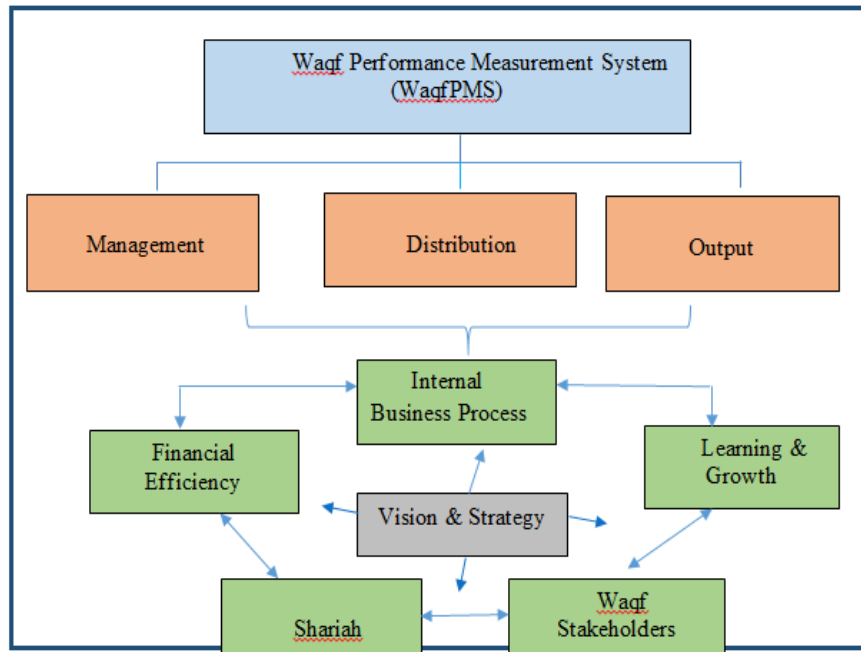
3. Methods of Analysis

This research is conceptual and theoretical. The sources are secondary data, in which relevant literature related to waqf management and development, performance measurement system, the BSC and Shariah principles are reviewed. The literature consists of books, conference proceedings, periodicals and internet resources. Following the works of Jalil and Ramli (2008), the inductive, analytical and critical approaches in which in-depth readings and understanding of the contents from the sources referred to were utilised to achieve the research objectives.

4. Findings

Customising the BSC for its application in the waqf institution necessitates an additional perspective, i.e. the Shariah on top of the four perspectives inherent in the BSC framework. Overall, the waqf performance measurement system comprises five perspectives; financial efficiency, internal business process, learning and growth, waqf stakeholders and Shariah. Figure 1 presents the shariah based performance measurement model suitable for use within the waqf sector. The aspects of waqf practices are associated with its management, distribution and output. In this framework, the waqf stakeholders replaced the customer perspective. The figure below shows that all the five perspectives are connected and that the measurements developed for each perspective should be in line with the goals of waqf institution.

Figure-1. Shariah-based Waqf Performance Measurement Model



4.1. Financial Efficiency

Noordin *et al.* (2017), explain that for waqf institution, PMS with financial measures inclusion can ensure their perseverance when facing unstable economic conditions. This situation points to the institution’s ability to use its financial resources efficiently. Table 1 provides examples of financial measures that can be utilised to evaluate waqf institutions.

Table-1. Financial Efficiency Performance Measurement

<ul style="list-style-type: none"> • The extent of the organisation’ operating activities that resulted in a surplus. • The extent of the income generated derived from core activities. • The extent to which the organisation can generate income from its activities • Return on assets ratio • Revenue expense ratio • Equity balances ratio • Revenue concentration index • Rental revenue collection • The extent of the income generated derived from core activities. • The extent to which the organisation can generate income from its activities 	<p>(Arshad and Mohd Zain, 2017; Johari <i>et al.</i>, 2016; Noordin <i>et al.</i>, 2017; Shafii <i>et al.</i>, 2014)</p>
--	--

4.2. Internal Business Process

Since the recurring issues reported in the literature relates to inadequate maintenance and development of waqf properties as a result of poor management in many waqf institutions, it would be appropriate to include qualitative measurements to examine the internal business process of the institutions concerning the management and distribution of waqf assets. The measures are categorised into operational efficiency, management capabilities and distribution effectiveness. Table 2 presents some qualitative measures for the internal business process perspective.

Table-2. Internal Business Process Performance Measurement

<ul style="list-style-type: none"> • Operational efficiency <ul style="list-style-type: none"> - Administrative efficiency, program efficiency, growth of the program, fundraising efficiency, cash availability, the ability of the organisation to rent out building spaces. • Management capabilities <ul style="list-style-type: none"> - Adequate number of management and professionals involved in the administration of waqf in the organization - Adequate number of support group involved in 	<p>(Arshad and Mohd Zain, 2017; Johari <i>et al.</i>, 2016; Noordin <i>et al.</i>, 2017; Shukri and Ramli, 2015; Siraj, 2012)</p>
--	---

<ul style="list-style-type: none"> the administration of waqf in the organisation - Adequate money to support the organisation’s mission - Use of strategic planning, annual budget, PMS, performance report and annual report • Distribution effectiveness - Organisation effectiveness in the distribution of waqf funds to the beneficiaries - Organization effectiveness in the distribution of waqf funds to the beneficiaries - The effectiveness of the distribution procedure at the organisation - The effectiveness of the distribution procedure at the organization 	
---	--

4.3. Learning and Growth

Even in the context of waqf institutions, this perspective can be specially designed to measure the organisations’ capacity to innovate, learn and continuously improved. The learning and growth perspective can determine areas of competencies such as human capital, information capital and organisational capital that need to be achieved to create value for the institutions. For example, it is crucial that the management, staffs including mutawali to have in-depth knowledge of Shariah principles and waqf. Institutions need to provide training to improve employee efficiency and productivity that will eventually lead to the effectiveness of the management and distribution of waqf assets. Thus, the learning and growth are viewed as the primary driver for the other perspectives (Kaplan and Norton, 2005). Table 3 provides examples of performance measures in the learning and growth perspective.

Table-3. Learning And Growth Measurement

<ul style="list-style-type: none"> • Encourage creativity & Innovation • Improve problem solving skills • Improve decision making • Improve teamwork • Improve the attitude of staff towards work • Improve understanding of waqf concept • Effective training • Improve ethics violation 	(Ibrahim, 2014; Shukri and Ramli, 2015)
---	---

4.4. Waqf Stakeholders

Mutaliba and Maamor (2016) emphasised that the challenges faced by mutawalli can be related to their lack of experiences and skills in handling waqf matters coupled with inadequate training being given to them to perform their functions and responsibilities effectively. Moreover, Johari *et al.* (2016) pointed out that waqf affairs should be professionally handle by qualified managers who are knowledgeable about Islamic and country laws however, according to Chowdhury *et al.* (2012), this sometimes was not the case. In addition to that, Ramli *et al.* (2014) explained that the auditors should also be well verse in Shariah law to oversee waqf assets records, board composition, educational background and leadership style of waqf institutions towards achieving accountability discharge in waqf institutions. Failing to address the above would lead to ineffective administration and management of waqf funds which would not contribute to enhance the welfare of the society. It is also crucial for waqf institutions to perform a diversity of initiatives to enhance the interest of different stakeholders such as the staffs, beneficiaries, donors, and the public, which ultimately can create values for the institutions. Hence, it is most important to ensure suitable performance measurements are used to assess all stakeholders. Table 4 lists some measures that can be used to determine how the stakeholders perceived waqf institution.

Table-4. Waqf Stakeholders’ Performance Measurement

<ul style="list-style-type: none"> • Fulfil beneficiaries needs • Gain beneficiaries satisfaction • Gain beneficiaries acceptance • Gain funder acceptance • Gain public confidence • Increase funder’s retention 	(Arshad and Mohd Zain, 2017; Shukri and Ramli, 2015)
---	--

4.5. Shariah Principles

Different from the conventional method, the shariah should be incorporated into the performance measurement framework for waqf institutions (Noordin *et al.*, 2017). Islamic scholars must ensure that the Islamic rulings on waqf comply with the shariah since the majority of contemporary rulings on waqf are ijihad based (deducing religious opinion about a matter that is not mentioned in divine revelation (Laldin *et al.*, 2012). The determination of

the priority of managing waqf properties, the legitimacy of activities carried out by waqf organisations and defining rules for investment in waqf should be based on the shariah (Noordin *et al.*, 2017). They proposed the shariah as one of the dimensions in the PMS for waqf institutions since it has a strong and direct link to promoting social justice as well as avoidances of vices. The following Table 5 provides some measures that can determine whether waqf institutions goals and activities adhere to the shariah.

Table-5. Shariah Performance Measurement

<ul style="list-style-type: none"> • Effective accounting practice that is in line with Islamic accounting norms. • Ensure advertisement concepts are shariah compliance (e.g. accurate information & suitable language). • Ensure the administration and distribution policies comply with Islamic principles. 	(Noordin <i>et al.</i> , 2017)
--	--------------------------------

The concept of the BSC can be compelling with proper and effective implementation. Hence, it is vital for waqf institutions to use the BSC approach in creating a vision, missions and objectives, aligning the entire organisations and its processes and activities to the goals identified, designing meaningful key performance indicators for each objective for tracking purposes, and using them to facilitate learning and decision-making.

5. Conclusion

The paper which is conceptual and theoretical put forth a Shariah-based waqf performance measurement model by integrating the BSC framework with the Shariah principle. The aim is to ensure a valid assessment of all activities performed and that they comply with the Shariah principles. In this regard, the present PMS model considers the qualitative dimensions which have not been considered by waqf institutions when assessing their performances. Hence, the waqf PMS model if implemented can contribute to addressing issues relating to the lack of a sound internal control mechanism and, inadequate and ineffective PMS as pointed out by Ali *et al.* (2016), Johari *et al.* (2016) and Noordin *et al.* (2017). Through the BSC concept, a more organised and systematic PMS that integrates both financial and non-financial performance measures into the system, and with the Shariah principles also embedded into the system, waqf institutions would be able to ensure effective management of waqf assets as well as its good governance.

The findings from this study contribute to advance the literature on waqf management and performance measurement system for the waqf sector. In this respect, the local contextualisation is necessary (Ramli *et al.*, 2018a), i.e. to customise the BSC to the goals of waqf institutions and Shariah principle. A comprehensive performance measurement system can then ensure accountability, transparency, and efficiency of waqf institutions as well as for them to strategize their initiatives better to contribute to long-term wealth creation of the society. Consequently, this situation could also strengthen waqf institutions coupled with the economic growth in Malaysia. The present findings also contribute to practice regarding enhancing the internal control system and governance of waqf institutions and the consideration of its overall performance as a religious and voluntary institution. Besides, the finding from this study would be able to provide one possible way for management of waqf institutions to address the issues that arise as a consequent of their inefficiency in managing waqf assets effectively. Future study can be conducted using a case study method to examine the performance of the waqf institution better using the waqf performance measurement model developed in this paper. Further development of the model can be carried out using the survey method too.

Acknowledgement

The authors wish to express their gratitude to the Ministry of Education of Malaysia and Accounting Research Institute, Universiti Teknologi MARA for funding this research project (600RMI/ARI_IRES/3(0041/2016). The authors also greatly acknowledged the Faculty of Accountancy, Universiti Teknologi MARA for funding our conference participation.

References

- Ali, S. N. M., Johari, N., Fauzi, N. S., Ahmad, N., Chuweni, N. N. and Noor, A. H. M. (2016). Income optimisation from waqf properties: Sustaining the Acheen Street Mosque. *E-Proceeding of the Social Sciences Research, ICSSR*: 342-50.
- Amir, A. M. (2011). The indirect effects of PMS design on Malaysian service firms' characteristics and performance. *Asian Review of Accounting*, 19(1): 31-49.
- Arshad, R. and Mohd Zain, N., 2017. "Performance measurement and accountability of waqf institutions in Malaysia." In *SHS Web of Conference*, 36, 00005. pp. 1-15.
- Chan and Ho, S. K. (2000). The use of balanced scorecard in Canadian hospitals. *Advances in Management Accounting*, 9: 145-69.
- Chan and Hiap, P. T. (2012). A balanced scorecard approach to measuring industry performance. *Journal of Construction in Developing Countries*, 17(Supp 1): 23-41.

- Chowdhury, M. S. R., Chowdhury, I. A., Mohd, Z. M. and Modh, R. Y. (2012). Problems of waqf administration and proposals for improvement: A study in Malaysia. *Journal of Internet Banking and Commerce*, 17(1): 1-9.
- Darus, F., Shukri, N. H. A., Yusoff, H., Ramli, A., Zain, M. M. and Bakar, N. A. A. (2017). Empowering social responsibility of Islamic organisations through waqf. *Research in International Business and Finance*, 42(December): 959-65.
- Hisham, Y. (2006). *Waqf accounting in Malaysian State Islamic Religious Council (SIRC). The case of Federal Territory SIRC*. Unpublished Master's dissertation, International Islamic University of Malaysia, Gombak, Selangor, Malaysia.
- Hoque, Z. and James, W. (2000). Linking balance scorecard measures to size and market factors: impact on organisational performance. *Journal of Management Accounting Research*, 12(1): 1-17.
- Ibrahim (2014). *Six Sigma for value creation: An interventionist approach*. Ph.D thesis, Universiti Teknologi MARA. Unpublished thesis.
- Ibrahim and Ibrahim, H., 2013. "Revitalising of Islamic Trust in institutions through Corporate Waqf." In *Proceeding of the 4th International Conference on Business and Economic Research*. pp. 192-202.
- Ihsan, H. and Ibrahim, S. H. H. M. (2011). Waqf accounting and management in Indonesian waqf institutions. *Humanomics*, 27(4): 252-69.
- Ismail, M. and Mohsin, M. (2013). Financing through cash waqf, A revitalisation to finance different needs. *International Journal of Islamic and Middle Eastern Finance and Management*, 6(4): 304-21.
- Jalil, A. and Ramli, A. M. (2008). Waqf instruments for construction contract: An analysis of structure. *The Journal of Muamalat and Islamic Finance Research*, 5(1): 14.
- Johari, N., Mustaffha, N. and Hameed, L. B. M., 2016. "Internal control issues in waqf management: insights from the literature." In *Proceeding of the 3rd International Conference on Management & Muamalah*.
- Johnson, H. T. and Kaplan, R. S. (1987). *Relevant lost: The rise and fall of management accounting*. Harvard Business School Press: Boston, MA.
- Kairu, E. W., Wafula, M. O., Okaka, O., Odera, O. and Kayode, E. (2013). Effects of balanced scorecard on performance of firms in the service sector. *European Journal Business and Management*, 5(9): 119-36.
- Kaplan, R. S. and Norton, D. P. (1996). Linking the balanced scorecard to strategy. *California Management Review*, 39(1): 53-79.
- Kaplan, R. S. and Norton, D. P. (2005). The balanced scorecard- measures that drive performance. *Harvard Business Review*, 70(July-August): 71-79.
- Khalil, I. A., Ali, D. Y. and Shaiban, D. M., 2014. "Waqf fund management in Kuwait and Egypt: Can Malaysia learn from their experiences?" In *Proceeding from International Conference on Masjid, Zakat and Waqf, Monash University, Kuala Lumpur*.
- Kippenberger, T. (1996). The balanced scorecard. *The Antidote*, 1(1): 8-9.
- Laldin, M. A., Mahmud, M. W. and Md. Sawari, M. F. (2012). *Maqasid Al-Shariah dalam perllaksanaan waqf, in Al-Syariah. M.: IIUM Press: Kuala Lumpur*. 259-90.
- Latiff, A. Z. A., Ismail, C. Z. and Daud, N. M. (2008). *Waqf: The management and contribution towards Islamic education in Malaysia. Waqf: pengurusan dan sumbangannya terhadap pendidikan Islam di Malaysia*. UPENA, Universiti Teknologi MARA, UiTM: Shah Alam.
- Lewis, M. K., 2006. "Accountability and Islam." In *Paper presented at the 4th International Conference on Accounting and Finance in Transition, Adelaide, Australia*. pp. 10-14.
- Masruki, R. and Shafii, Z. (2013). The development of waqf accounting in enhancing accountability. *Middle-East Journal of Scientific Research (Research in Contemporary Islamic Finance and Wealth Management)*, 13: 1-6.
- Mutaliba, H. and Maamor, S., 2016. "Challenges of management practices in institutional mutawalli to achieve utilisation of waqf property: An exploratory study." In *The European Proceedings of Social Sciences*. pp. 425-30.
- Narayanamma, P. L. and Sukanyas, D. M. (2013). Traditional balanced scorecard vs modern balanced scorecard, Conceptual framework. *International Journal of Organisational Behaviour and Management Perspectives Pezzottite Journal*, 2(4): 649-56.
- Noordin, N. H., Haron, S. N. and Kassim, S. (2017). Developing a comprehensive performance measurement system for waqf institutions. *International Journal of Social Economic*, 44(7): 921-36.
- Okwo, I. M. and Marire, I. M. (2012). Performance measurement in business organisations: An empirical analysis of the financial performance of some breweries in Nigeria. *Journal of Finance and Accounting*, 3(11): 48-58.
- Ramli (2010). *Value Engineering development in Malaysia; A diffusion study*. Unpublished Ph.D.Thesis, Universiti Teknologi MARA, Malaysia.
- Ramli and Jalil, A. (2013). Banking model of corporate Waqf: An analysis of waqf Selangor Muamalat. Available: <https://comaif.files.wordpress.com/>
- Ramli, Muhammed, N. A. and Salleh, N. H. M., 2014. "Discharging accountability through governance: Cases from waqf institutions in Indonesia." In *International Conference on Economic, Management and Accounting (MIICEMA)*.
- Ramli, Fahmi, F., Darus, F. and Ismail, N. (2018a). Primary drivers of Sustainable performance: The case of corporate waqf. *Global Journal Al-Thaqafah*, January(Special Issue): 207-18.

- Ramli, Fahmi, F., Darus, F., Zain, M. M. and Yusoff, H. (2018b). Tracking performance of Corporate Waqf institution via Balanced Scorecard: A Malaysian case evidence. *Advanced Science Letters*, 24(1): 283-85.
- Saad, N. M., Kassim, S. and Hamid, Z. (2013). Involvement of corporate entities in waqf management: Experiences of Malaysia and Singapore. *Asian Economic and Financial Review*, 3(6): 736-48.
- Sawalqa, M., Holloway, D. and Alam, M. (2011). Balanced scorecard implementation in Jordon: An initial analysis. *International Journal of Electronic Business Management*, 9(3): 196-210.
- Shafii, Z., Yunanda, R. A. and Rahman, F. K. (2014). Financial and operational measures of waqf performance: The case of State Islamic Religion Council of Singapore and Malaysia. Available: ddms.usim.edu.my/.../Financial%20And%20Operational%20Measures%20Of%20Waqf
- Shaikh, S. A., Ismail, A. G. and Shafiai, M. H. M. (2017). Application of waqf for social and development finance. *ISRA International Journal of Islamic Finance*, 9(1): 5-14.
- Shukri, M. N. S. and Ramli, A. (2015). Organisational structure and performances of responsible Malaysian healthcare providers: A balanced scorecard perspective. *Procedia Economics and Finance*, 28(2015): 202–12.
- Siraj, S. A. (2012). *An empirical investigation into the accounting, accountability and effectiveness of waqf management in the state of Islamic religious councils (SIRCS) in Malaysia*. Thesis, Cardiff University.
- Siraj, S. A. and Iamail, Y., 2015. "Strategic planning and accountability of waqf management in Malaysia." In *4th International Conference on Inclusive Islamic Financial Sector Development*. Islamabad, Pakistan.
- Statement of Recommended Practices for Charities, S. (2005). The Charities SORP: New SORPs and SORP 2005 - GOV.UK. Available: <https://www.gov.uk/government/publications/charities-sorp-2005>
- Sulaiman (2007). The internal control procedures of Mosques in Malaysia. *Revista. Universo. Contabil.*, 3(2): 101-15.
- Sulaiman and Zakari, M. A. (2015). *Efficiencies and effectiveness of waqf institutions in Malaysia: Toward financial sustainability*. H. A. El-Karanshawy et al. Eds., *Access to finance and human development-Essays on zakah, awaqf and microfinance*. Bloomsbury Qatar Foundation: Doha, Qatar. 1: 43-53.
- Sulaiman, Adnan, M. A. and Nor, P. N. (2009). Trust me! A case study on the International Islamic University waqf fund. *International Association for Islamic Economics, Review of Islamic Economics*, 13(1): 69-88.
- Suprpto, B., Wahab, H. A. and Wibowo, A. J. (2009). The implementation of balanced scorecard for performance measurement in small and medium enterprises: Evidence from Malaysian health care services. *The Asian Journal of Technology Management*, 2(2): 76-87.
- Zin, N. M., Sulaiman, S., Ramli, A. and Nawawi, A. (2013). Performance measurement and balanced scorecard implementation: Case evidence of a Government-linked company. *Procedia Economics and Finance*, 7(2013): 197-204.
- Zuki, M. S. (2012). Waqf and its role in socioeconomic development. *ISRA International Journal of Islamic Finance*, 4(2): 173-78.