

**WAQF QUALITY REPORTING DISCLOSURES AND
PERFORMANCE OF STATE ISLAMIC RELIGIOUS
COUNCIL (SIRC_s)**

BY

NURUL HIZETIE BINTI MOHAMED NOR

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**IIUM Institute of Islamic Banking and Finance (IIiBF)
International Islamic University Malaysia**

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ABSTRACT

Waqf reporting environment and practices have attracted attention due to increasing number of waqf resources in the growing waqf initiatives for both traditional and contemporary waqf assets. The pressing demands for greater accountability and better performance of the utilization of waqf assets and properties in Malaysia necessitates an implementation of a strong financial management system in State Islamic Religious Council (SIRC) institutions. This study aims to assess quality reporting disclosures of the SIRC by explaining how the quality of the reporting can be influenced to engage with the performance of waqf resources. This study employs legitimacy theory and stewardship theory as a basis. For the methodological choice, this study adopted mixed method research design. In mixed methods research, quantitative and qualitative techniques are combined in a sequential forms. To be more specific, this study adopted sequential exploratory research design by adopting the qualitative approach and then followed by quantitative approach. This study covers seven SIRC Institution from 2010 to 2019. This study employs Static Panel data for regression analysis to determine the impact of Waqf Reporting Disclosure Index (WRDI) on SIRC institution and Waqf resource performance. The finding indicates that Majlis Agama Islam Wilayah Persekutuan (MAIWIP) leading the score in WRDI both in Quantitative reporting disclosure index items and Qualitative reporting disclosure index items. Overall, most of the SIRC institutions have disclose more than 50 percent of the item indicator which is regarded as good practice. The findings of this study will help the SIRC Institution to develop guideline in reporting information disclosure and presentation of the annual report as well as financial statements. Indirectly it will enhance the comparability among SIRC Institution in their reporting presentation. Other that, SIRC Waqf institutions would be able to gain the trust of the waqif or donors by being transparent and disclose important information needed by them. Thus, by being transparency, the quality information disclosure will be able to delivered to the user.

ملخص البحث

لقد جذبت بيئة وممارسات إعداد التقارير الوقفية الاهتمام بسبب العدد المتزايد من موارد الوقف في مبادرات الوقف المتنامية لكل من أصول الوقف التقليدية والمعاصرة. إن المطالب الملحة لمزيد من المساءلة والأداء الأفضل لاستخدام أصول الوقف وممتلكاته في ماليزيا تتطلب تنفيذ نظام قوي للإدارة المالية في مؤسسات المجلس الديني الإسلامي التابع للدولة. تحاول هذه الدراسة تقييم جودة التقارير التي يكشف عنها المجلس الديني الإسلامي للدولة من خلال شرح كيف يمكن أن تؤثر جودة التقارير على التعامل مع أداء موارد الوقف. تستخدم هذه الدراسة نظرية الشرعية ونظرية الوكالة كأساس. بالنسبة للاختيار المنهجي، اعتمدت هذه الدراسة تصميم البحث بطريقة مختلطة. في طرق البحث المختلطة، يتم الجمع بين التقنيات الكمية والنوعية في أشكال متسلسلة. ولكي نكون أكثر تحديداً، اعتمدت هذه الدراسة تصميم البحث الاستكشافي المتسلسل من خلال اعتماد نهج نوعي ثم يتبعه نهج كمي. تغطي هذه الدراسة سبع مؤسسات للمجلس الديني الإسلامي التابع للدولة من عام 2010م إلى عام 2019م. وتستخدم هذه الدراسة بيانات اللوحة الثابتة لتحليل الانحدار لتحديد تأثير مؤشر الإفصاح عن تقارير الوقف (WRDI) على مؤسسة المجلس الديني الإسلامي للدولة وأداء موارد الوقف. تشير النتائج إلى أن مجلس الديني الإسلامي بولاية فدرالية يتصدر النتيجة في مؤشر الكشف عن تقارير الوقف في كل من عناصر مؤشر الكشف عن التقارير الكمية وعناصر مؤشر الكشف عن التقارير النوعية. بشكل عام، كشفت معظم مؤسسات المجلس الديني الإسلامي للدولة عن أكثر من 50 بالمائة من مؤشر البند الذي يعتبر ممارسة جيدة. ستساعد نتائج هذه الدراسة مؤسسة المجلس الديني الإسلامي للدولة على وضع مبادئ توجيهية في الإبلاغ عن الإفصاح عن المعلومات وعرض التقرير السنوي وكذلك البيانات المالية. وبشكل غير مباشر، سيعزز ذلك إمكانية المقارنة بين مؤسسات المجلس الديني الإسلامي التابعة للدولة في عرض تقاريرها. بخلاف ذلك، ستتمكن مؤسسات المجلس الديني الإسلامي التابع للدولة من كسب ثقة الوقف أو الجهات المانحة من خلال الشفافية والكشف عن المعلومات المهمة التي تحتاجها. وبالتالي، من خلال الشفافية، سيكون بالإمكان تقديم الكشف عن المعلومات عالية الجودة إلى المستخدم.

APPROVAL PAGE

The thesis of Nurul Hizetie binti Mohamed Nor has been approved by the following:

Romzie Rosman
Supervisor

Syed Musa Syed Jaafar Alhabshi
Co-Supervisor

Nur Farhah Binti Mahadi
Internal Examiner

Norazlina Binti Abd Wahab
External Examiner

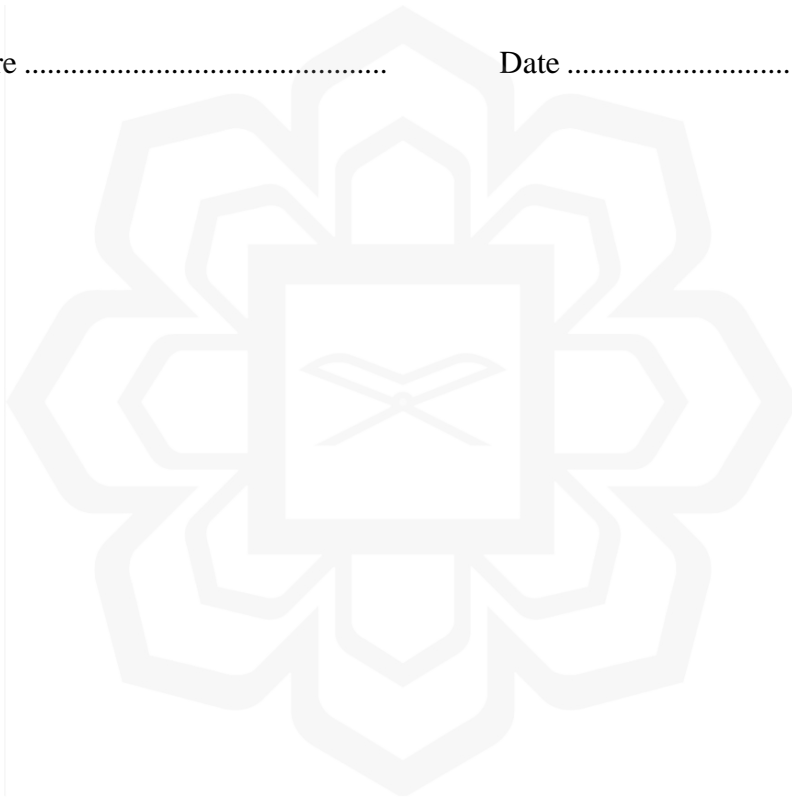
Abdulhamid Mohamed Ali Zaroum
Chairman

DECLARATION

I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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This thesis is dedicated to:

My beloved late father and mother for their dua' and support:-

Mohamed Nor Hassan

and

Wan Afifah Wan Mohd Zin

“ My lord, enable me to be grateful for Your favour which You have upon me and upon my parents and to do righteousness of which You approve. And admit me by

Your mercy into (the rank of) Your righteous servant.”

(Qur'an, an-Naml:19)

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Muhammad Affan Azhar

Muhammad Ayyash Azhar

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Waqf could be in a form of infaq or sadaqah and an act of worship (ibadah) in Islam that serves public interest and welfare (Borham, 2011). The management and administration of waqf is placed under the Islamic Religious Council of each state and the State Islamic Religious Council (SIRC) is the sole holder of all waqf property in Malaysia. In other words, the institutions are trusted bodies that manage Muslim community funds in each state of Malaysia (Abdul Wahab et al., 2022; Sulaiman et al., 2023). As the trusted bodies, they have to ensure that their operations are consistent with the Shariah principles and all applicable laws. This matter is set by law or enactment for each state. To assist in the administration and management of waqf, the Government of Malaysia has declared the establishment of the Department of Wakaf, Zakat and Hajj (JAWHAR) on 27 March 2004. The establishment of the JAWHAR aims to ensure that the administration of waqf property, zakat and hajj affairs throughout the country is more organized, systematic and effective. In addition, as emphasized by JAWHAR strategic planning, there are some issues or problems on waqf. It is relating to incomplete waqf data, non-systemic waqf management, and no uniform waqf governance guidelines.

With higher public accountability, there is increasing public interest for government transparency which concerns the performance and service delivery of public entities. The governance of waqf properties under the supervision of SIRC is one of government agencies that has received significant attention from the society. Waqf contributions received by waqf institutions can be in the form of both movable as well as immovable property and assets. It is important to determine and disclose both fixed and tangible assets or property of waqf to avoid any manipulation and mismanagement. It is also the concerned waqf agencies and institutions to be transparent and enable social and economic development initiatives (Aziz et al., 2013).

The main objective of social development is to achieve sustainable improvement in the well-being of individuals, groups, families, communities, and society as a whole. With the introduction of cash waqf, it has extended waqf's institution role in economic development, which is by broadening the religious focus to diversified socio-economic initiatives (Siraj, 2012). Waqf institutions have been increasingly engaged in public goods and services, which include religious service, education, health, and other socio-economic activities in serving the society.

The successful implementation of waqf practices among Muslim or Non-Muslim country can be realized through their improvements of economic condition. It is can be role models to a country to develop and strengthen its waqf practices as well as waqf institution. Waqf reporting environment and practices have attracted attention due to increasing number of waqf resources either in the growing of traditional and contemporary waqf assets. In particular the cash waqf asset as demonstrated by total collections of cash payments amounted to RM18,476,276 (JAWHAR, 2022). It has an accumulated worth of 30 thousand acres of land in assets and properties on year 2020 (Yayasan Wakaf Malaysia, 2020). With such substantial value of assets and properties, waqf is expected to have a significant role in strengthening the Islamic financial system in Malaysia. With more liquid assets, higher transparency and quality reporting disclosures are anticipated with waqf institutions.

Waqf would be able to strengthen the Islamic financial system through the wealth allocation and redistribution which refers to the transfer of property from one community including private interest to another such as public interest in the form of both money and goods (Ab Rahman, 2009). Wealth redistribution can also be referred to as funding for services such as health and education by one community to another. However, waqf financial management and reporting need to be enhanced by the relevant authorities to support such diverse activities (Siraj & Karbhari, 2014).

Some recent cases of Islamic faith-based institutions in Malaysia have been reported in local media that pose a big question, especially about the accountability of Islamic religious institutions like waqf institutions. As highlighted by the local media, there are governance lapses about SIRC, such as embezzlement of public funds and misconduct inquiries (Hassan, 2017; Masruki et al., 2018; Sinar Harian, 2019).

Also, the Malaysia Anti-Corruption Commission (MACC) received reports on abuse and misuse of public funds during flood crises (Astro Awani, 2015). Besides, as declared by Jamil Khir Baharom a former Minister in the Department of Prime Minister in year 2018, there are allegations and negative perceptions of the spending system. It is becoming one of the reasons for the cancellation of 32,934 frequent donors to Yayasan Pembangunan Ekonomi Islam Malaysia (YAPIEM), an Islamic organisation in Malaysia from February 2015 to February 2016 (Teng, 2016; Kamaruddin, 2018).

A study by Wahid et al. (2009) found that public dissatisfaction could arise due to ineffective distribution and inadequate disclosure of public funds distribution information. Therefore, it shows the public seeking their right to be informed on SIRC funding activities and programs. Besides, there is limited accessibility to view or display of SIRC annual reports on their website. As highlighted by Shukor et al. (2015), it was revealed that the respondents or endower nevertheless felt insecure about the waqf fund allocation as the waqf institutions did not notify them.

Simple and well-presented data that clarifies where the waqif's (donor) cash goes can provide assurance to the waqif for a purposeful meaningful contribution. Thus, it has led to the donor or public demand for quality information disclosure. The lack of proper quality reporting and disclosure structure for waqf has been identified as the main factor for inadequacies in waqf information disclosures (Siraj, 2012). Several SIRCs have been reported for poor waqf property management which include improper and inadequate recording and valuation in 2018 (Auditor General's Report 2018).

Thus, the lack of proper and adequate waqf reporting on the performance and level of reporting carried out, impacted the inefficiency of institutional governance that affects the waqf value among the SIRC who are responsible for waqf administration and control (Daud, 2018). Therefore, by proper quality reporting and measurement of the waqf performance through efficiency and effectiveness of waqf resources, it will show the extent to which these institutions have discharged their accountability.

Besides, waqf institutions also faced the risk of poor governance and accountability (Mansor et al., 2017). The pressing demands for greater accountability and better use of waqf property and resources in Malaysia require a strong financial

management system in SIRC institutions to be implemented (Siraj and Karbhari, 2014). Public administration has been widely criticized for lack of accountability for compliance or enforcement transparency and lack of value creation information. Accountability is important since a waqf donor need to be informed with clear information relating to utilization and distribution of waqf designated fund that benefit the beneficiaries (Sulaiman et al., 2009; Sulaiman & Zakari, 2015).

Accounting and quality reporting disclosures are one of the most important components of transparency and accountability (Tower, 1993; Connolly and Hyndman, 2013; Yaacob et al., 2015). Thus, by being transparent and user friendly information, it will lead to high-quality accounting information as effective monitoring. High-quality financial reporting information is important because it will influence stakeholders to make a useful decision (Van Beest et al., 2009; Han and Tang, 2022). The principle of decision usefulness is a must for quality disclosing accounting information since it can assist the users to make rational decisions for the betterment of the Muslim community in general (Abdul Wahab, 2022). Also applicable to waqf institution, quality information disclosure on how the funds is utilized and manage will enhance waqf activity by attracting the user, donor, and potential donor to contribute to waqf fund. In particular transparency and accountability are pertinent considerations to reporting quality disclosures in waqf institutions.

Also, it is very important to build trust in society. Trust is one of the important elements to develop collaborative and cooperative relationship. Morgant and Hunt (1994) define trust as a concept of principle and agent which is one party having confidence in or relying on another party to fulfill its obligations (Hasan & Siraj, 2017). In other word, trust is an essential condition to decision making that recognizes and protects the rights of other people based on ethical principles.

However, even though donor having placed trust in the SIRC based on current reporting practices, waqf donor could not be assured on the proper and effective utilization of the asset. Similarly, the recipient or beneficiary, could not be assured how well the institutions are managing the assets in order to benefit them accordingly (Sulaiman & Zakari, 2015). In addition, waqf donor and the beneficiary are separated from the institution which leads to lapses in accountability. Thus, by examining the

performance of waqf resources, it will indicate the extent to which such institutions have discharged their accountability.

Demand for quality reporting disclosure with decision-useful information consequence arises from information asymmetry and agency conflicts between insiders (ie: managers) and outsiders (stakeholders) based on prior literature (Wahid et al., 2009; Shukor et al., 2015; Masruki et al., 2018; Han & Tang, 2022). Consequently, preparers of annual reports, need to increase the quality reporting disclosure for the users to reduce information asymmetry. In order to reduce information asymmetry, transparency is an essential element on the SIRC accountability. In waqf or charity sector, governance is more related to demonstrating accountability to stakeholders. The nature of waqf requires the element of trust and integrity which is the fulfillment towards accountability by waqf manager or trustee. The sustainability of waqf institutions significantly depends on prudent management and administration (Yaacob et al., 2015). Thus, higher reporting quality disclosure will portray trustee or mutawalli to be more accountable and effective in managing the fund wisely (Masruki et al., 2018). The efficient management of waqf fund is crucial not only in ensuring that the funds are properly utilized as entrusted by the donor or by those who contributed into it, any inconsistencies in its management will impair the good name of Islam.

Thus, by ensuring proper and effective waqf disclosure of waqf or SIRC activities, it will indirectly increase waqf funding and performance due to increase in donor confidence and trust. Hence, disclosure would strengthen stakeholder trust and confidence as well as enhance the credibility of SIRC in terms of social acceptance and legitimacy.

1.2 PROBLEM STATEMENT

The SIRC are governed and administered under state supervision (Daud, 2018a). Thus, their reporting and disclosure practices of waqf vary according to each state enactment (Talib et al, 2018). According to Siraj (2012), due to the absence of specific accounting framework for SIRC reporting of its funds and assets, there are evidence of conspicuous variations that may lead to discrepancies in the financial reporting practice. In addition,

their study also reported that the main factors that contribute to deficiencies in the disclosures of waqf information are due to absence or lack of appropriate waqf reporting and disclosure framework in each state as well as comparative framework in Malaysia. Besides, the study by Sulaiman et al., (2016) stated that the level of accounting disclosure among SIRC in Malaysia is less than satisfactory and suggestions made by previous studies regarding the disclosure are too general (Abdul Wahab et al., 2022). This disclosure is necessary to emphasize the accountability of SIRC in discharging their duties related to public funds. It also enables users of financial information to know how the SIRC are doing and ensure that the institutions.

A study by Mohd Noor and Salleh (2016) found that only 57 per cent of SIRC had disclosed their waqf source, of which only 50 per cent had disclosed about the beneficiaries and benefits they received. However, the disclosure was not comprehensive. Moreover, only 28.5 per cent of them disclosed waqf in their audit reports and activities. It shows that waqf information disclosure among SIRC is still low as the information given is general or in summary. Furthermore, most SIRC or waqf institutions provide only basic organizational information, while there has been minimal information on financial matters such as fund collection and usage. The availability of information differs significantly amongst waqf institutions. In this situation, a more needed the proper transparency, accountability and disclosure is intended to boost the effectiveness, quality, and equity of waqf's management (Taufiq, 2015). Disclosure helps waqf institution to create mutual respectful and trusting relationships among public, beneficiaries and trustees. It also increases cooperation and leads to enhancing the administration of waqf. Increased disclosure also leads to greater transparency, improved governance and increased public confidence.

Performance is related to producing the result that meets the information needs of the stakeholders while making the best use of resources. Performance measurement can be described based on the effectiveness and efficiency of the waqf resources and institution activities in fulfill the stakeholder needs and expectations (Kaplan, 2001). Therefore, it is important to provide evidence on efficient utilization of resources by waqf institution in discharging their duties of collecting and distributing of waqf fund and resources. This address issues such as cost effectiveness, capacity, responsiveness, distribution of information regarding the performance to the public and monitoring and

evaluating management performance (Noor et al., 2014). Thus, by examining funding and performance of waqf resources through proper quality reporting discourse policy as well as its effectiveness and efficiency, it could be useful to assess waqf perpetual performance, growth and sustainability.

Based on prior literature, research findings indicate that there are issues with reporting such as the SIRC not even keeping waqf accounts up to date. (Daud et al., 2011; Yunanda, 2016; Masruki & Shafi, 2013) and there has been no thorough consistent and comprehensive disclosure by SIRC of waqf assets and liabilities, revenues and expenses amongst SIRC. A previous study has focused on performance of waqf institution by proposing financial ratio as an indicator (Shafii et al, 2014; Arshad & Zain,2017). A study by Masruki et al. (2016) has develop disclosure index for SIRC and Kamaruddin et al. (2018) which has also examined current financial and non- financial disclosures. There is no extensive study on reporting quality disclosure and performance of waqf resources. Thus, there is a need to examine the reporting quality disclosure of waqf resources and to highlight and portray the information needed by the donor or stakeholder. Therefore, as a trustee and intermediate party between the waqf donor and beneficiary, the waqf institution is responsible for revealing sufficient information and properly managing waqf resources (Kamaruddin et al., 2018). With the lack of proper, timely and effective SIRC disclosure of funding, management and performance, there is a need to examine the adequacy of such disclosure items as an index with reference to SIRC reporting requirements and financial reporting standards.

This study undertakes an in-depth systematic understanding of the quality reporting of the waqf funding, management and performance of its resources. The purpose of this study is to examine the adequacy of disclosure items as an index with respect to criteria for reporting by SIRC and relevant financial reporting standards. In addition, the disclosure item as an index will be a guideline to the waqf institution to disclose their information to the third parties as well as its ability to solve the ununiformed and reporting issues. Thus, the outcome of this study is expected to encourage waqf authorities, institutions, practitioners and other relevant parties to improve the reporting quality of effectiveness and efficiency of waqf institutions in Malaysia.

1.3 RESEARCH OBJECTIVES

The present study will examine quality reporting disclosures of selected SIRC on waqf resources. This information is useful to all waqf beneficiaries as well as the potential waqf donors, administrators, and regulators. The research objectives are as follow:

- 1) To assess comparative current disclosure levels of waqf among selected SIRCs reporting practices based on their relevant statutory requirements and policy disclosures.
- 2) To evaluate quality disclosure practices of waqf in SIRCs reporting based on the international reporting standards and requirements intended for special purpose public entities such as SIRCs.
- 3) To determine the impact of current waqf disclosure practices on SIRC institution performance and Waqf resource performance.
 - 3.1 To determine the impact of Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) on SIRC institution performance.
 - 3.2 To determine the impact of Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) on Waqf resource performance.
 - 3.3 To determine the impact of Reporting disclosure index with total quantitative and qualitative items (TWRDI) on SIRC institution performance.
 - 3.4 To determine the impact of Reporting disclosure index with total quantitative and qualitative items (TWRDI) on Waqf resource performance.

1.4 RESEARCH QUESTIONS

This study seeks to provide answers to the following research questions to fulfil the objectives set out above:

- 1) What are the current disclosures of waqf among SIRC's reporting practices based on SIRC reporting requirements?
- 2) Do SIRC reporting requirements provide adequate waqf based disclosure practices information based on international reporting standards to the community?
- 3) To what extent reporting disclosure practices impact the SIRC institution performance and Waqf resource performance?
 - 3.1 To what extent Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) impact the SIRC institution performance?
 - 3.2 To what extent Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) impact the Waqf resource performance?
 - 3.3 To what extent Reporting disclosure index with total quantitative and qualitative items (TWRDI) impact the SIRC institution performance?
 - 3.4 To what extent Reporting disclosure index with total quantitative and qualitative items (TWRDI) impact the Waqf resource performance?

1.5 HYPOTHESIS

Based on research objectives (RO3), four hypotheses have been developed.

H1 There is a significant positive impact of WRDI on SIRC Institution Financial Performance and Operational Performance

H1a (i) There is a significant positive impact of WRDI on Equity Balance (Financial Performance).

H1a (ii) There is a significant positive impact of WRDI on Revenue Concentration (Financial Performance).

H1a (iii) There is a significant positive impact of WRDI on Operating Income (Financial Performance).

H1a (iv) There is a significant positive impact of WRDI on Operating Margin (Financial Performance).

H1a (v) There is a significant positive impact of WRDI on Income Growth (Financial Performance).

H1b (i) There is a significant positive impact of WRDI on Cash Availability (Operational performance).

H1b (ii) There is a significant positive impact of WRDI on Return on Investment (Operational performance).

H2 There is a significant positive impact of WRDI on Waqf Resource Financial Performance and Operational Performance

H2a (i) There is a significant positive impact of WRDI on Equity Balance (Financial Performance).

- H2a (ii) There is a significant positive impact of WRDI on Revenue Concentration (Financial Performance).
- H2a (iii) There is a significant positive impact of WRDI on Operating Income (Financial Performance).
- H2a (iv) There is a significant positive impact of WRDI on Operating Margin (Financial Performance).
- H2a (v) There is a significant positive impact of WRDI on Income Growth (Financial Performance).
- H2b (i) There is a significant positive impact of WRDI on Cash Availability (Operational performance).
- H2b (ii) There is a significant positive impact of WRDI on Return on Investment (Operational performance).
- H3 There is a significant positive impact of TWRDI on SIRC Institution Financial Performance and Operational performance.
- H3a (i) There is a significant positive impact of TWRDI on Equity Balance (Financial Performance).
- H3a (ii) There is a significant positive impact of TWRDI on Revenue Concentration (Financial Performance).
- H3a (iii) There is a significant positive impact of TWRDI on Operating Income (Financial Performance).
- H3a (iv) There is a significant positive impact of TWRDI on Operating Margin (Financial Performance).
- H3a (v) There is a significant positive impact of TWRDI on Income Growth (Financial Performance).

H3b (i) There is a significant positive impact of TWRDI on Cash Availability (Operational performance).

H3b (ii) There is a significant positive impact of TWRDI on Return on Investment (Operational performance).

H4 There is a significant positive impact of TWRDI on Waqf Resource Financial Performance and Operational Performance

H4a (i) There is a significant positive impact of TWRDI on Equity Balance (Financial Performance).

H4a(ii) There is a significant positive impact of TWRDI on Revenue Concentration (Financial Performance).

H4a (iii) There is a significant positive impact of TWRDI on Operating Income (Financial Performance).

H4a (iv) There is a significant positive impact of TWRDI on Operating Margin (Financial Performance).

H4a (v) There is a significant positive impact of TWRDI on Income Growth (Financial Performance).

H4b (i) There is a significant positive impact of TWRDI on Cash Availability (Operational performance).

H4b (ii) There is a significant positive impact of TWRDI on Return on Investment (Operational performance).

1.6 SIGNIFICANCE OF THE STUDY

This study can enrich academic literature especially in the area of disclosure, reporting presentation and performance of waqf funding and performance management of resources. It will bring potential for better information disclosure, accountability, and

transparency in the waqf institution. The primary objective of this study is to ascertain the information content and reporting quality on waqf performance resources.

Practically, this study will give better understanding and assistance to the betterment of waqf institution as the sole trustees manage the waqf resources. Equally important, the study is expected to provide valuable information content or disclosure information which is needed by the users. The outcome of this study will reveal how waqf resources have been successfully developed and how the performance of waqf resources being managed by the trustees. Thus, due to the information disclosure on how the funds are utilized and understanding of the waqf element, it will enhance and attract the user, donor, and potential donor to contribute to waqf charity. Indirectly, it will aid the institution and government raising fund and charity work.

Accounting and reporting disclosure is one of the most important communication elements for accountability. The outcome of this study may assist the improvement of waqf management by providing guideline on how and what element or items that should be disclose and present in the annual report and financial statement. Thus, when there is uniformity in term of disclosure and presentation, it can be referenced and compared between SIRC. Indirectly, it can be an important tool to improve the management and accountability of waqf resources as well as the institution. Other than, this study will identify the determinants of disclosure reporting quality of waqf by adopting and adapting the disclosure index. It will meet the information needs by the stakeholders while making the best use of the resources.

In particular, the outcomes can be used as an economic development tool to deliver signals to the public, companies and stakeholders. Hopefully, this study will provide greater support and understanding for all Muslims who engage in waqf practice, directly or indirectly. Finally, waqf would thus be able to build the Islamic economy in Malaysia like other Muslim countries which successfully implemented waqf.

1.7 THE ORGANISATION OF THE STUDY

This study comprises of five chapters. Chapter 1 introduction, highlights the background of the study, statement of the problem, research questions, and objectives of the study. Chapter 2 encompasses a review of the literature. This chapter discusses a literature review for Waqf, accountability, quality reporting disclosure, and performance of waqf resources. The next part discusses management practices in waqf institutions across the state, followed by Chapter 3 present research methodology. Research methodology chapter focuses on the methodology used in the study and will discuss the research design. It explains the samples, data collections, procedures, and data analysis. Followed by Chapter 4 on analysis, results and research findings. The results will be reviewed and discussed in this Chapter. Firstly, the descriptive statistics include descriptions of the study data used. The next section describes the preliminary tests that were performed. Eventually, this chapter discusses the discussion of the results. In Chapter 5, as a conclusion which concludes the overall of the study. It provides a summary of the results and findings. The chapter also provides some recommendations for future research in the related area.

1.8 OPERATIONAL DEFINITIONS

This section highlights operational definitions of certain terms used throughout this study. The operational definitions are included to assist readers have a clear and better understanding of the subject matter as well as to draw limits on the scope of research discussion.

Quality reporting disclosure is used throughout this study. Disclosure is the act of expose or making information known to the community that was previously hidden or undisclosed. Disclosure of information is effective if it is relevant and faithful to reflect on what it means. It is more useful when supplemented with comparability, understandability, and timeliness information. Disclosure consists of qualitative disclosure and quantitative disclosure which represent by waqf reporting disclosure index (WRDI).

State Islamic Religious Council (SIRC) is also used throughout this study. In this study, SIRC refers to the waqf institution in Malaysia which is act as mutawalli or trustee. In Malaysia, SIRC is the sole trustee for the management of waqf property that has been registered at the state government level.

Performance is also used widely throughout the study. Performance is the act of carrying out or implementing an action, task, or function. In this study, performance as represent by operational performance and financial performance. Operational Performance is referring to how well an institution meets its goals in terms of efficiency and effectiveness in its operations. Financial Performance is portrayed and analyses how effectively an institution uses its assets and manages its operations to assess the institution financial health.

1.9 CHAPTER SUMMARY

This chapter introduces the issue to be discussed and explored through the current study. The issues of problem are related to accountability, information disclosure and performance of waqf resources. It involved the discussion about the background, problem statement, objective, and significance of the study. The next chapter will describe the literature review which provides further explanation about this study.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter will provide an overview of waqf in Malaysia. The discussion will begin with 2.2 on State Islamic Religious Council (SIRC) vision and mission. Next section on 2.3 discuss about waqf, encompassing subsection 2.3.1 on definition, 2.3.2 on waqf in Malaysia, 2.3.3 on waqf performance measurement and subsection 2.3.4 is on discussion about waqf accountability. Then the discussion will follow by explanation on quality reporting disclosure, theoretical framework and research framework. Based on prior studies, the literature review will highlight pertinent gaps in SIRC reporting and disclosure practices as well as resource management issues of Waqf institutions. This chapter will be ended with summary of the chapter.

2.2 STATE ISLAMIC RELIGIOUS COUNCIL (SIRC)

In Malaysia, the State Islamic Religious Council (SIRC) is the sole trustee for the management of waqf property that has been registered at the state government level. The State Islamic Religious Administration Enactment has established SIRC and under the provisions of the enactment, SIRC is appointed as the sole trustee of all types of waqf property (Abd Mutalib et al., 2015). SIRC has established the necessary laws such as the obligation to register waqf property, records of use of waqf property, ownership of waqf property, and notification through government gazette of all activities and assets of waqf property under its control.

Malaysia consists of fourteen different states and is governed by the Sultan or the King. The Federal Constitution has delegated the power to administer all matters of Islam under the jurisdiction of the Sultan. This includes zakat, baitulmal, wakaf and other matters related to Islam. The Sultan with the jurisdiction under him has handed over the power to the SIRC to administer and manage matters related to Islam (Masruki

et al., 2018). The Ruler shall seek advice from the SIRC. Thus, the SIRC has a unique status, which serves as an advisor to the State Ruler.

There are fourteen SIRC institutions in Malaysia which are Majlis Agama Islam Selangor (MAIS), Majlis Agama Islam Wilayah Persekutuan (MAIWIP), Majlis Agama Islam Dan Adat Melayu Terengganu (MAIDAM), Majlis Agama Islam Kelantan (MAIK), Majlis Agama Islam Perak (MAIPk). Majlis Agama Islam dan Adat Istiadat Melayu Perlis (MAIPs), Majlis Agama Islam Negeri Kedah (MAINk), Majlis Agama Islam Pulau Pinang (MAINPP), Majlis Agama Islam Negeri Sembilan (MAINs), Majlis Agama Islam Melaka (MIAM), Majlis Agama Islam Negeri Johor(MAIJ), Majlis Ugama Islam dan Adat Resam Melayu Pahang (MUIP), Majlis Islam Sarawak (MIS) and Majlis Ugama Islam Sabah (MUIS). SIRC established in each state has the same goal but its operation and management are different.

2.2.1 SIRC Vision and Mission

A declaration of vision focuses on the future and what a company ultimately wants to become. A statement on the mission focuses on what an organization is doing to accomplish it today. Both are important when it comes to targeting. Each SIRC in Malaysia vision and mission can be referred in Appendix I. Each state has its vision and mission to achieve and accomplish their target and focus. Even though there are under difference administration or enactment, SIRC are sharing similar vision which is to leading a firm and respected Islamic organization management by empower the economic development and well-being of the ‘ummah’ (community). However, SIRC Kedah (MAINk) and Sabah (MUIS) more focusing to become a superior organization in formulating policies on Islamic affairs and administration. Whereas, Johor (MAIJ), Wilayah Persekutuan Kuala Lumpur (MAIWIP) and Negeri Sembilan (MAINs), their vision is towards the making of the prosperous and development of the mu'min or community.

Then, SIRC mission statements are aim to building the ummah through the formation of a knowledgeable society by improving the socio-economic status of the people through strengthening effective and dynamic SIRC management. SIRC also

sharing similar mission statements, nevertheless for SIRC Perak (MAIPk), Melaka (MAIM) and Kedah (MAINk) there are also highlights to development and improvement through excellent and systematic governance, high accountability, integrity, transparency, more professionalism and efficient manner. SIRC focus is more on socio-economic welfare and to leading in administrating of religious matters (SIRC website). Thus, with this vision and mission, an organization will become more effective and efficient due to having the right direction to be monitor and prepared. Thus, this vision and mission will be the basis in this study as a guideline in reporting disclosure.

2.2.2 SIRC and Waqf Reporting

SIRC is a statutory body responsible under the government to promote, encourage, facilitate and undertake economic and social progress of the Muslim community in the state according to Al Quran and As-Sunnah. The financial statements of the SIRC have been prepared following the Accounting Standards in Malaysia and comply with the requirements of Islamic Law, taking into account the accounting requirements contained in the Islamic Religious Administration Enactment. Since the SIRC's accounting requirements vary between states, there are some differences in accounting practices with reference to the accounting standard.

However, most of the SIRC still maintain the preparation of financial statements in accordance to the Private Entity Reporting Standards (PERS) approved by the Malaysian Accounting Standards Board (MASB). On 23 October 2015, the Malaysian Accounting Standards Board (MASB) which has issued new accounting framework that replaces the current structure of the Private Entities Reporting Standards (PERS).

MPERS is a self-contained standard covering all relevant areas for private financial reporting. MPERS is adapted from International Financial Accounting Standard (IFRS) for Small and Medium Sizes Entities (SME's) issued by the International Accounting Standards Board (IASB) in July 2009 (Salin,2017). MASB has adopted and adapted the standard to make it matches with Malaysian reporting environment. The new reporting framework is effective on or after 1 January 2016, with

early application permitted. However, most of the SIRC like Wilayah Persekutuan (MAIWIP), Selangor (MAIS), Kelantan (MAIK), Terengganu (MAIDAM) and Kedah (MAINk) are implemented PERS and has changed to use the new framework MPERS. However, SIRC Perak (MAIPk), made adjustments from PERS to the presentation of the financial statements by adopting some of the Malaysian Public Sector Accounting Standards (MPSAS), especially MPSAS 1 as the initial preparations to adopt MPSAS in the future fully.

SIRC follow and comply with state enactment. Thus, the enactments used in managing the waqf vary by state. Most of the SIRC are applying MPERS and must comply with the provisions of the Statutory Bodies (Accounts and Annual Reports) Act 1980 [Act 240]. However, the presentation of the financial statement still difference. For instance, in term of the information disclosure, there are some differences between balance sheet and off-balance sheet item.

2.3 WAQF

The word waqf originated from the Arabic language, which can be translated as to stop, hold, or to obstruct (Abbasi, 2012). However, according to Islamic law, waqf refers to any property to be held in trust and used for charitable or religious purposes. The characteristic of waqf can be shown from the hadith indicate that the reward or benefit will remain fruitful even the person no longer alive.

In a hadith narrated from Abu Hurairah R.A., the Prophet Muhammad (may peace be upon him) said that, "When a person dies, the reward of his actions is lost except for three things, namely: charity, or the knowledge that is used in it, or a righteous child who prays for it." According to Al-Khatib al-Syarbini, the scholars have interpreted the word 'alms (sadaqah jariyah) in the above-mentioned hadith for the meaning of waqf, as Imam al-Rafi'i says. This is because the reward of the charity continues to flow to the person who does it, while the other charity, the reward does not continue to flow as a charity or waqf charity (See Mughni al-Muhtaj, Jilid 3, page 462 Syamsuddin al-Khathib al-Syirbini).

Although the Qur'an did not make direct reference to Waqf, prominent Islamic scholars from four schools of thought (Shafie, Hanbali, Maliki, and Hanafi) agreed that some of the following verses should be referred as legitimacy of waqf. (Hameed & Yacoob, 2005). In *Surah Al Imran*, verse 92, Allah (s.w.t.) says, “Never will you attain the good (reward) until you spend (in the way of Allah) from that which you love. And whatever you spend - indeed, Allah knows of it”. The verse notes that Muslims will not be rewarded with good unless they are willing to give their best to others. The gift has to be valuable and is dear to the giver.

2.3.1 Definitions of Waqf and Cash Waqf

In the language of the word, waqf comes from the Arabic term '*Al-Waqf*' (أَلْوَقْفُ), which means the property is alienated. It also means the property held by '*Al-Habs*' (أَلْحَبْسُ) or the restricted property: '*Al-Mana*' (أَلْمَنْعُ). The word waqafa comes from the Arabic term *waqafa* (وَقَفَ - يَقِفُ - وَقْفًا) meaning to hold or stop in place (Mohamed n.d; Ab Rahman, 2009). The term Waqf can be described as stop, detention, or prevention. The term waqf comes from the word "*waqafa*" from the perspective of Islamic jurisprudence, meaning arrested or stopped (Ab Rahman, 2009). Waqf refers to the distribution of goods or benefits to beneficiaries where the administration of waqf maintains the property with the assurance that the outcomes are based on Islamic teachings and also for people's benefit or 'ummah' (Mohd Noor & Salleh, 2016; Siraj, 2012; Md. Shahedur et al., 2011).

According to Abi Hanifah, waqf is holding an asset or a legitimate property of the owner and give the benefit to the way of welfare. Definition of waqf from Jumhur Ulama is held property that can benefit and retained its assets by deciding to use the asset on behalf of the donor for the purpose that it should or should use its income towards the worthy and the welfare in the presence of God (YWM-Yayasan Wakaf Malaysia, 2019)

The word waqf originated from the Arabic language, which can be translated as to stop, hold, or to obstruct. However, according to Islamic law, waqf refers to any property to be held in trust and used for charitable or religious purposes. Waqf institutions, being a non-profit organization (NPO), thus, its dependent on donations to

fully utilize their waqf assets. Even though waqf institutions and other NPOs are turning to business activities to support their mission.

Waqf is an asset-sharing tool with other parties and is one of the world's oldest charities institutions (Rahman, 2009). It is one of the good deeds that got reward constantly, even hereafter, and a Muslim is encouraged to do waqf. It is also a reflection of the Muslim relationship between religion and economic life (Zakaria et al., 2014).

In order for a donation to qualify as Waqf, the property donated must have three important characteristics which is perpetuity, irrevocability, and inalienability (Siti Mashitoh & Asmak, 2015). Perpetuity is a primary characteristic of waqf. It is an asset that has been categorised as permanent ownership belongs to God, and the waqf benefits shall be used for purposes which comply with Shariah. The second irrevocable feature implies that once it has been proclaimed waqf by its owner, it cannot be withdrawn. To put it another way, the owner no longer has the authority to reclaim the land for private use. Inalienability is the third attribute. It means that the property cannot be sold, disposed of, mortgaged, gifted, inherited, attached, or otherwise alienated.

There are two categories of waqf property, which is the movable property and immovable property. Cash waqf is part of movable property, which is a financial asset. As a waqf item or subject, cash waqf is an endowment or waqf in cash. It is more productive compared to immovable property or real estate (Aziz et al., 2013). For assets such as money, stocks, and so forth, they can also be applied by changing it into another form of permanent or immovable property. This conversion can be made by investing the items in the form of investments allowed in Islam. The proceeds from this investment will be used to purchase other immovable property that will be used as a replacement for the original investment property (i.e. movable property) invested (Ab Rahman, 2009). In this respect cash waqf is transient to an immoveable property.

Previously, immovable asset property was more familiar and accepted among communities such as land and buildings as compared to cash waqf. In this situation, the cash waqf allows donors to give charity and earn continuing rewards without waiting to be tenants, wealthy, or corporate leaders (Shukor et al., 2017). Communities are also able to participate in waqf with cash waqf schemes managed by religious institutions.

The accumulated cash waqf will be istibdal (substituted) to the immovable or permanent asset, which could be in the form of business premises, mosque, industrial, and others (MAIDAM). Istibdal waqf means to replace or substituted one waqf property and replace it with another by selling the original waqf property and buying a new one instead (Noor & Awang, 2013). The proceeds will be distributed to eligible recipients in the health, education, religious and social sectors.

2.3.2 Waqf in Malaysia

In Malaysia, all waqf or awqaf properties are entrusted to the statutory bodies referred to Islamic Religious Councils of the State (SIRCs) as the sole trustee according to the State Enactments. The rules on the donated property, mutawalli to manage for revenue and charity are set out in the legislation of each state. However, the enactments used in managing the waqf vary by state.

There are only five states that have created special enactments for waqf, namely Selangor, Perak, Malacca, Terengganu, and Negeri Sembilan. Whereas in other states, waqf matters are included in the general enactment of state administration. The list of waqf enactments is as follows in Table 2.1:

Table 2.1 List of Waqf Enactments in State Law

No	States	Enactment	Section
1.	Selangor (MAIS)	i) Enactment No. 1 Year 2003, Enactment Pentadbiran Agama Islam (Negeri Selangor) 2003 ii) Perintah Penubuhan Perbadanan Wakaf Selangor 2011 iii) Enactment 15 Year 2015, Enactment Wakaf (Negeri Selangor) 2015	
2.	Perak (MAIPk)	i) Enactment Bil. 4 Year 2004, Enactment Pentadbiran Agama Islam (Perak) 2004 ii) Enactment 9 Year 2015 Enactment Wakaf (Perak) 2015	
3.	Terengganu (MAIDAM)	i) Enactment 2 Year 2001, Enactment Pentadbiran Hal Ehwal Agama Islam (Terengganu) 1422H/2001M ii) Enactment Wakaf (Terengganu) 2016	

No	States	Enactment	Section
4.	Perlis (MAIPs)	Enactment 4 Year 2006 Enactment Pentadbiran Agama Islam 2006	SectionVI- Kewangan Wakaf, Nazr dan Amanah
5.	Melaka (MAIM)	i) Enactment No. 7 Year 2002, Enactment Pentadbiran Agama Islam (Negeri Melaka) 2002 ii) Enactment 5 Year 2005, Enactment Wakaf (Negeri Melaka) 2005	
6.	Kelantan (MAIK)	Enactment 4 Year 1994 Enactment Majlis Agama Islam Dan Adat Istiadat Melayu Kelantan 1994	SectionIII - Hartabenda- Hartabenda Amanah Dan Kewangan Majlis Wakaf Dan Nazar
7.	Pahang (MUIP)	i) Enactment 3 Year 1991 Enactment Pentadbiran Undang-Undang Islam 1991 ii)Enakmen Pentadbiran Undang-Undang Islam 1991, Kaedah-Kaedah Dana Wakaf Pahang 2015	Section V – Kewangan
8.	Negeri Sembilan (MAINs)	i) Enactment No. 10 Year 2003, Enactment Pentadbiran Agama Islam (Negeri Sembilan) 2003 ii) Enactment 5 Year 2005 Enactment Wakaf (Negeri Sembilan) 2005	
9.	Kedah (MAINk)	Enactment 9 Year 2008 Enactment Pentadbiran Undang-Undang Islam (Kedah Darul Aman) 2008	SectionIV - Kewangan Wakaf, Nazr dan Amanah
10.	Johor (MAIJ)	Enactment 16 Year 2003 Enactment Pentadbiran Agama Islam (Negeri Johor) 2003	SectionVI- Kewangan Wakaf, Nazr dan Amanah
11.	Sabah (MUIS)	i) Enactment 5 Year 2004 Enactment Majlis Ugama Islam Negeri Sabah 2004 ii) Enactment 7 Year 2018, Enactment Wakaf (Negeri Sabah) 2018 iii) Enactment Wakaf (Negeri Sabah) (Pindaan) 2023	SectionIII - Kewangan Wakaf, Nazr dan Amanah

No	States	Enactment	Section
12.	Sarawak (MIS)	Ordinan 41 Year 2001 Ordinan Majlis Islam Sarawak, 2001	SectionV - Penubuhan Lembaga Baitulmal Dan Wakaf, Baitulmal, Wakaf Dan Nazr
13.	Kuala Lumpur (MAIWIP)	Akta Pentadbiran Undang-Undang Islam (Wilayah-Wilayah Persekutuan) 1993	
14.	Pulau Pinang (MAINPP)	Enactment 4 Year 2004 Enactment Pentadbiran Agama Islam (Negeri Pulau Pinang) 2004	SectionVI - Kewangan Wakaf, Nazr dan Amanah

Sources: Yayasan Wakaf Malaysia, 2019.

On 27 March 2004, the Government of Malaysia has announced the establishment of the Waqf, Zakat and Hajj Department (JAWHAR) by fifth Prime Minister of Malaysia, YAB Dato 'Seri Abdullah bin Ahmad Badawi (JAWHAR,2007; Ab Rahman,2009). The establishment of JAWHAR aims to ensure more structured, coordinated and efficient administration of waqf, zakat, malls and pilgrimages across the state. Then, on 23 July 2008, JAWHAR formally established 'Yayasan Wakaf Malaysia (YWM)' or Waqaf Malaysia Foundation under the Trustee (Incorporation) act 1952. It is a national waqf entity. The main function of YWM by cooperation with SIRC is to develop existing waqf land, creating new waqf real estate, developing the economy of the community through waqf instruments. YWM also created waqf funds, build and develop waqf property, implement welfare and social programs, running an investment program, conducting promotional and publishing programs, and pioneer corporate waqf (YWM, 2019).

In year 2013, statistics published by JAWHAR, showed that Malaysia had a large number of waqf land, which consists of general and special waqf. For special waqf, there are 6,255.32 hectares, whereas 4,836.5 hectares of general waqf, which in total covering an area of 11,091.82 hectares (Abdul Shukor et al., 2018; Zakaria et al.,2014). The distribution of waqf land by state and types of waqf can be seen in Table

2.2 below. However, according to Datuk Jamil Khir Baharom from the Prime Minister's Department, only 7.2% of the total waqf land in the country was developed (Zakaria et al., 2014).

Table 2.2 Waqf Land in Malaysia

States	Area of Waqf Land (Hectare)		Total Areas (Hectare)	Value of Waqf Land As At 2013(RM)
	General	Special		
Johor	1,422.80	1,729.50	3,152.30	7,000,500.00
Kedah	158.62	1,086.25	1,244.88	1,997.00 *
Kelantan	16.01	157.63	173.65	56,703,373.00
Melaka	11.65	21.60	33.25	66.50 *
Negeri Sembilan	1.01	14.49	15.50	36.00 *
Pahang	0.00	723.82	723.82	18,000,000.00
Perak	116.12	0.00	116.12	383.00 *
Perlis	2.74	14.49	17.23	1,337,998.00
Pulau Pinang	220.03	559.23	779.26	850,000,000.00
Sabah	2,062.88	32.07	2,094.95	98.00 *
Sarawak	6.86	4.04	10.90	1,416,781.90
Selangor	235.63	31.82	267.45	200,000,000.00
Terengganu	581.66	1,878.58	2,460.24	42,623,196.19
Wilayah Persekutuan	0.49	1.59	2.08	16.00 *
Total	4,836.50	6,255.32	11,091.82	1,177,084,449.59

Note: *not represent current value.

Sources: JAWHAR, Abdul Shukor et al., 2018; Zakaria et al., 2014

Table 2.2 indicates that Malaysia actually has huge reserves of waqf land. The amount of waqf land turned out to be a significant amount, and good management was required in the development of the land itself. If optimally developed, those lands will be of great benefit and contribution. The development of this waqf land will certainly

11,091.82 of which 4, 836.50 are general waqf land and special waqf land amounted to 6, 225.32. Johor is the state with the most followed by Terengganu and Sabah.

According to the National Council Fatwa Committee on Religious Affairs, the 77th Malaysian Islam convening on 10 to 12 April 2007 in Kuala Terengganu has ruled that cash waqf is allowed in Islam (YWM,2019). With this fatwa, the Muslim community in Malaysia can do cash waqf without any hesitation. Each state's State Religious Council mainly supervises cash waqf collection, management, and distribution.

The JAWHAR and YWM play the role of coordinators for project initiatives based on cash waqf, as waqf is a concern within the power of the states (Abdul Shukor et al., 2018; Ab Rahman,2009). Cash fund collection will then be used to finance several developments of social institutions for society uses and benefits. A study by Mokhtar et al., (2015) found that movable property like cash waqf has gained popularity in Malaysia due to its flexibility (Pitchay et al., 2014; Abdul Shukor et al., 2018). As reported by YWM, there is an increase in waqf collection year by year. As of 31 December 2022, the entire Cash collection for Waqf (Cash Waqf) amounted to RM18,476,276 (from 2014 to 2022). Figure 2.1 below show the detail cash waqf collection in Malaysia.

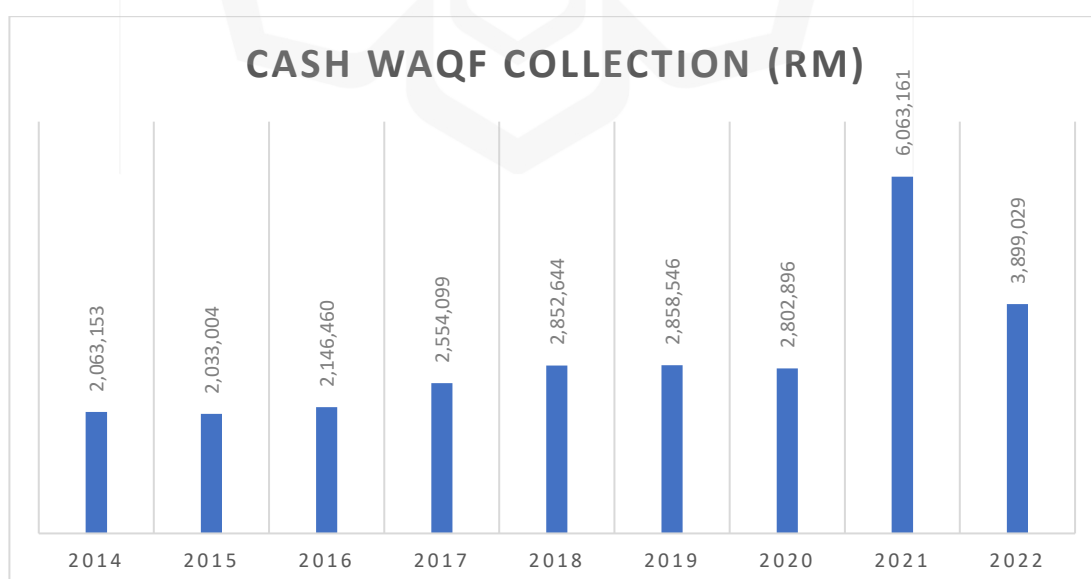


Figure 2.1 Malaysian Cash Waqf Collection
Sources: Yayasan Wakaf Malaysia, 2019

Waqf has been established throughout most of the Islamic world and has played a major role in the Islamic economy and society (Zuki, 2012). Several countries have recently tried to regenerate waqf properties to produce additional income for socio-economic enhancement with the Muslim community's sustainable development. The typical way to revitalize waqf properties is by rebuilding and renovating assets (Sulaiman & Zakari, 2015). Rebuilding and renovating properties enable the development of idle or undeveloped waqf assets and properties.

Majlis Agama Islam Selangor (MAIS) manages waqf Management of Selangor. MAIS has launched a Selangor Share Scheme to encourage the public to purchase the share units. This scheme is established to taking care of the importance and welfare of the Muslim, which is developed based on Section 17 Waqf Enactment (Selangor) 1999 (Isa et al., 2011). While Majlis Agama Islam Kedah (MAIK) has introduced “Waqf Jemba” to encourage the public to do good deeds. MAIK will purchase a property or land and then will divide it according to Jemba and later on, sold to the public (Shafii et al., 2014)

The management of waqf in Penang can be seen through the development of the Mosque of Majoodsaw Waqf, Khan Mohamad Waqf, and Alimsah Waley Waqf. Its Waqf Management in the Federal Territory acts as the sole trustee for all general Waqfs. They are also responsible for developing the waqf land for Muslims religious, education, health and welfare activities in the form of centers such as parent centers and orphanages, shelters, dialysis centers (Isa et al., 2011). Whereas in Terengganu, there is waqf in cash or any other financial contributions from any individual, association or institution and, secondly, in the form of Waqf Shares and Sukuk. (Abdul Hamid et al., 2014; Razali, 2015).

2.3.3 Waqf Performance Measurement

There are very limited studies on empirical research on waqf performance (Sulaiman et al., 2009; Sulaiman & Zakaria, 2015; Sulaiman et al., 2023). Thus, due to those matters, the waqf performance measurement element will be referred to literature on performance measurement as practiced by the non-profit organization (Ramli &

Muhamed, 2013; Arshad & Mohd Zain, 2017). Waqf's performance will be a tool to benchmark the best practice as well as to accomplish mission and institution goals (Arshad & Mohd Zain, 2017). Since a non-profit organization's mission is the reason for its existence, it is fitting to focus on financial resources in its mission relationship (Abrahm, 2006). A mission-based approach to ratio analysis for non-profit organization's is one way to obtain financial performance measures (Atan et.al, 2013). Through the use of ratios, it helps identify institution financial performance based on actual mission beliefs. Then, through performance measurement, it can portray how far the implementation of the accountability concept in the management of waqf (Rashid, 2011). As a result, the level of waqf performance will encourage public confidence to be investing in developing waqf properties.

Waqf performance is measured by using a financial ratio, which is more on the financial number (Shafii et al., 2014). The analytical capabilities of the ratio analysis play an important role in evaluating the current financial condition of an organization, identifying steps for potential plans and tasks to fulfill its purpose, measuring its success over time and determining how the organization will continue in the future (Abrahm, 2006). However, it has to deal with the inquiry of efficiency, effectiveness, and accountability of the institution as well. According to Mensah et al. (2008), in the non-profit environment, there are three components to be focus and highlight, which are resource acquisition ability, the attainability of the organization goal, and organizational efficiency (Shafii et al., 2014). Each element to measure the waqf performance should have some proxies as an indicator. To measures the efficiency and effectiveness of the institution, this study will use the financial figure and reporting indicators as proxies (Atan et al., 2013; Dewi et al. n.d; Shafii et al., 2014; Kamaruddin, 2018).

A study by Abraham (2006) on performance for a non-profit organization has proposed nine ratios. The study highlights that the measuring financial performance by ratio analysis helps recognize strengths and weaknesses of the institution by identifying financial irregularities and concentrating attention on problems of organizational interest. Dewi et al. (n.d)., research has proposed six ratios as a scale of measurement as a key element of financial analysis. The analysis focuses on program performance, operating expenses, rental, investment fundraising, and distribution activities.

Nonetheless, Epstein and Buhovac (2009) argued, and suggest to use a guideline on performance measurement and more focusing on organization programs', productivity and sustainability, and recommended four types of ratios. The suggested ratio is an administrative, program, fundraising, and financial performance. The guideline is a tool to measure institution performance since non-profit organizations are responsible to donors in particular and to beneficiary in general for using donated money to accomplish the mission. Studies by Sulaiman et.al (2009) examine management and accounting practice through assessing the performance of waqf institution and disclosure practice. The study analyzed waqf fund and management efficiency by focusing on three ratios, which is a program efficiency ratio, return on investment ratio and the ratio of fundraising efficiency. The finding would be able to seek governance, financial health, and management practice of the institution.

The performance measurement aspects highlight in the study by Arshad and Mohd Zain (2017) are financial ratios, input into the organization, output produced by the organization by the use of input and output into the organization's activities. The dimension provides useful guidelines for waqf organizations to comprehensively assess their performance and accountability based on financial and non-financial measures. A study by Noordin et al. (2017), used the accountability concept to develop contingency framework for measuring the performance of waqf institutions. In fostering good governance and ethical management of waqf institutions, an efficient performance assessment framework is important. The concept of accountability plays an important role in performance measurement from the Islamic viewpoint. It is relevant in their role or obligation to the principle of trust, and vicegerent. It is meant that the person in charge of waqf property is not only responsible for society but should be accountable to Allah first (Noordin et al., 2017).

In addition, the effectiveness and efficiency of waqf institutions ' performance is linked to the institution's financial condition, vulnerabilities, and sustainability. A study by Sulaiman and Zakari (2015) has examined the efficiency of waqf management by a focus on financial vulnerability and sustainability ratio. The study put forward four essential financial health ratios to examine the efficiency and effectiveness of waqf institution towards financial sustainability. Financial sustainability interrelates with the organisation's efficiency and effectiveness. The study was conducted using the

Tuckman and Chang (1991) developed the financial health model. The computed ratio is the equity balance ratio, the revenue concentration index, the ratio of administrative costs and the ratio of the operating margins. The findings indicate that the waqf institutions have obtained an average result, which is satisfactorily efficient and effective in the management and administration of waqf assets.

The nature of waqf institutions can also be classified either as a non-profit organization (NPO) and social enterprise (Adnan, 2005). Thus, the study by Erwin (2010) is focused on the performance of management effectiveness of the fund of a non-profit organization. It includes measures of efficiency, productivity, and complexity. The compute ratios are fundraising cost ratio, fund per donor, and the funds raised per full-time employee.

The benefits of using the ratios are that they are more comparable, scalable, and collectable to organizations with similar operations. A study by Shafii et al. (2014), that select Islamic institutions in Malaysia and Singapore as a sample to examine financial and operational performance. The ratios used in the measurement were net income, operating income, income growth, administrative efficiency, program efficiency, growth of the program, fundraising efficiency, and cash availability ratios. This study will customize and adapted prior study computed ratio to access waqf performance in terms of financial and operational measures and the impact with reporting quality disclosure. These ratios are relevant and can be adapted to determine the financial strength of waqf organizations, and will notify waqf organizations about what data they need to reveal in their reporting to encourage them to practice transparency and enable stakeholders to evaluate their performance. Table 2.3 below discusses the summary perspective of non-profit institution measures.

Table 2.3 Summary Perspective of Non-Profit Institution Measures

Author	Highlight	Measure	Institution
Shafii et al. (2014)	Efficiency and effectiveness of an institution	Financial and operational performance	Majlis Ugama Islam Singapore, SIRC
Arshad & Mohd zain,(2017)	Efficiency and effectiveness of an institution	Financial and operational performance	Waqf institution
Abrahm (2006)	Proposed nine ratios to measures performance	quality, satisfaction, retention, and productivity	Membership organisation
Dewi et al.(n.d)	Suggested six ratio to measure performance	Program efficiency, operating expenses, rental activity, investment, fundraising, distribution	Waqf institution
Epstein Buhavov, (2009)	Focus on measuring efficiency and sustainability	Administrative, program, fundraising, and financial performance	Non-profit organisation
Sulaiman & Zakari (2015)	Highlight the efficiency and effectiveness of waqf management on financial sustainability	equity balance ratio, the revenue concentration index, the administrative costs ratio and the operating margin ratio	SIRC
Sulaiman et al. (2009)	Examined waqf fund and management efficiency of the fund	The program efficiency ratio, return on investment ratio, and fundraising efficiency ratio.	Waqf institution
Erwin (2010)	Focus on performance of management effectiveness include measures of efficiency, productivity, and complexity.	fundraising cost ratio, fund per donor and the funds raised per full-time employee	Charity /non-profit organisation

Therefore, waqf management efficiency is an important element because it leads to economic and social stability (Noordin et al., 2017). If waqf performance gives priority, it will enable the government, waqf officer, and potential investor to know the performance and growth of existing waqf assets as well as waqf institution results. Thus, if some problems or issues arise, it will be addressed and detected early. Indirectly, it could build strong trust and confidence in the institution of waqf.

2.3.4 Waqf Accountability

The governance concept was described as mechanisms and procedures that ensure an organization's general direction, efficiency, oversight and responsibility (Cornforth, 2003). Governance mechanism components may include governing boards, monitoring systems, signaling mechanisms such as reporting or codes of behavior, and representing stakeholder interests (Huybrechts, 2010). To increase donor trust, the waqf board can implement Good Corporate Governance. The application of Good Corporate Governance is not only applied to business organizations that are profit oriented but will also need to be applied to non-profit institutions (Triwibowo, 2020). This study will relate accountability principle as one of the basic principles of good governance.

Governance is seen from an Islamic perspective in a holistic form, unlimited to religious matters, but it also includes social and economic life, politics, business and contract law. The practice of Islamic governance should be portrayed individually by implementation and practices of good governance that emphasizes honesty, fairness, transparency, accountability and responsibility to increase productivity in every business transaction (Hafeez & Muhammad, 2013). Accountability is, therefore, part of the process of achieving good governance, the principle of which relates to accountability, including reporting on qualitative and quantitative information and illustrating the responsibility for performing a certain purpose or mission (Sulaiman et al., 2023; Barlev, 2006).

According to Roberts and Scapens (1985), Accountability generally refers to a relationship in which members clarify and take responsibility for their actions, and is often limited to meeting the requirements of primary stakeholders who are directly

linked to organizations in terms of resources invested. In the case of charities, accountability is necessary for receiving grants and donations. Therefore, to meet the needs of the beneficiaries, there is a greater demand for adequate disclosure of narrative information to ensure the achievement of their goals and sustainability.

The principle of accountability for Muslims is not limited to personal and spiritual aspects. Still, it applies to all transactions one undertakes in this world, including all social, business and contractual transactions. The principles of Islamic accountability are underlying Islamic theology, the concepts of tawhid (Allah's unity), Amanah (trust), and Khalifah (vicegerency) (Abdul-Rahman & Goddard, 1998; Daud, 2019). Other than that, one essential aspect of accountability from an Islamic viewpoint is accountability to Allah (God). Although this accountability may not be directly observable, the discharge of true Islamic accountability requires integrity in recording and reporting, as it is part of the act of trustees to fulfil their rights and obligations and to ensure that doubts and uncertainties are excluded from interpersonal arrangements.

Religious obligation concerns drive Islamic accountability. Thus, the same goes to waqf or charities reporting and disclosure since every single action will be questioned in the judgment day. For this purpose, to meet Islamic accountability criteria, the disclosure of information shall be transparent in ensuring that all duties have been duly performed and that the efforts made by the charity are right. Then, must be material by ensuring that the institution illustrates how they upheld Islamic values in all charitable activities and how they are relevant by disclosing everything of interest to Islamic society (Yasmin & Haniffa, 2017; Abdul Wahab et al., 2022). The differences between Islamic and conventional accountability are on the concept of ownership of the property (Suhaimi Nahar & Yaacob, 2011). The conventional view of accountability considers individuals as owners of properties and thus needs stewards to be accountable to them specifically whereas for Islamic accountability are accountable to Allah.

This study aims to examine accountability in waqf institutions as part of governance mechanism. In doing so, the existing studies on accountability and governance in charitable and not-for-profit organizations as well will be reviewed. Corporate governance, in general, defines the rights, roles, and responsibilities of both the principals and agents of a corporation along with determining the underlying

“relationships between a company’s management, its board, its shareholders and other stakeholders” (Abdullah, 2015). A good corporate governance framework would be able to benefit both parties, either principle (i.e.: owner or beneficiary or waqif) or agent (i.e.: manager or mutawalli). As for the agent side, it will help to improve the overall credibility of a given institution or company and enhances the confidence of its stakeholders for the principal side. Thus, with a strong and proper governance framework, it would be able to enhance the long-term health of the institution by strengthens the accountability and transparency role in the operation (Dusuki et al., 2012). If good governance is in place, accountability can be a good value and practice to various stakeholders such as waqif or donor and beneficiaries (Ramli & Muhamed, 2013).

From an Islamic point of view, society has the right to know the truth about the impact of organizations' activities on community well-being (Baydoun & Willet, 1998). It is supported by Awaludin, et al. (2018), where donors should rightly ask the mutawalli to disclose adequate data regarding their waqf operations to ensure that the mutawalli acts towards enhancing its accountability level.

Therefore, disclosure of information must meet Islamic accountability criteria by ensuring that all duties have been properly fulfilled. The accountability can be monitored by ensuring that charity measures are accurate, ensuring the entity describes how they have implemented Islamic values in all charitable activities and disclosing something of value to Islamic users in serving Allah (Yasmin & Haniffa, 2017).

Maintaining good governance through responsible management and accountability reporting to stakeholders, the donor perception can be managed. Therefore, it will lead to ensure a continuous flow of resources from donors or contributors. Therefore, these components form a basis for effective and efficient operational performance to assure that charities fulfil their main stakeholders ' legitimate expectations and create a favorable reputation that will attract prospective donors and contributors. (Connolly & Dhanani, 2013).

Governance procedures and reporting studies on the premise that poorly managed by waqf organizations will only add to the loss of confidence of donors and

hence the inevitable demise of waqf practices. Good governance and integrity are crucial in building public trust in awqaf organizations. By implementing good governance, it would be able to solve many of the problems facing waqf organizations (Waqf-Gaining the trust for social-economic sustainability 2018; Abdul Shukor et al., 2018).

2.4 QUALITY REPORTING DISCLOSURE

Disclosure of information is necessary for all organizations to provide information and be accountable to their stakeholders, in which stakeholders will then assess the organizations' efficacy and performance (Zainon et al. 2012; Carvalho et al., 2020; Abdul Wahab et al., 2022). Disclosure not only increases transparency but it will encourage future contribution by donor. Due to non or lack of disclosures by Nonprofit Organizations (NPOs) which led to fraudulent and mismanagement of charity funds, information disclosure is subjected by regulated financial reporting, including reports and financial statements, service and performance reports, and other regulatory disclosures (Zainon et al., 2012). In turn, the disclosure of the information would meet the need for accountability and transparency of information for stakeholders.

Besides, the disclosure also highlights the role of financial reporting and promotes the reduction of undesirable information asymmetry effects (Zainon et al., 2012). Financial information is important for stakeholders to know the organizations' economic situation, and they can evaluate how administrators or trustees use the funds. Hyndman and McConville (2016) points out that by focusing on financial and non-financial disclosure, this will lead to accountability and quality reporting which will increase public trust (Sulaiman et al.,2023).

Disclosure practices are part of communication and time-honored tool of regulators to achieve transparency and are an important point of trust (Mukherjee & Nath, 2003; Sargeant & Lee, 2004b). So that, it is important to disclosure appropriate and sufficient information on its activities to enhance donor or stakeholder trust to make decision. Communication may take the form of formal and informal information offered to the stakeholders by an organization. The perceived nature of disclosure is included

as a factor which can have a positive impact on stakeholder interest (Sargeant & Lee, 2004). Accounting disclosure operation may be referred to as direct input to investor or donor protection because of the transparency and accountability of information disclosure. An organization's more appropriate disclosure activity will improve its accountability as well as contribute to increased transparency.

The organization will, therefore, disclose more information about operations and management. When stakeholders learn more about the company or how the funds were used, this will increase their trust and may affect stakeholder decision (Atan et al., 2013; Abdul Wahab et al., 2022). Besides, although the SIRC or mutawalli played their part, the public should be informed of this role to gain public trust (Masruki et al., 2018b). Thus, by disclosing or informing the operations carried out, it will enhance trustworthiness to the public as well as increase the long term relation with the waqf institution. In addition, since the contribution or donation of waqf is voluntary, the extent of disclosure of information to stakeholders can have a significant impact on the interest of stakeholders, either formally or informally. (Hasan & Siraj, 2017).

Disclosure of information is effective if it is relevant and faithful to reflect on what it means. It is more useful when supplemented with comparability, understandability, and timeliness information (IFRS, 2011). A study by Yurisandi and Puspitasari (2015) measures the consistency of financial reporting by following a qualitative evaluation methodology developed by the Nejjimen Economic Center (NiCE). It developed an index quality measurement based on International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) qualitative characteristics. There is consist of relevant, faithful representation, understandability, comparability and timeliness (Van Beest & Boelens, 2009).

This research will examine the quantitative and qualitative of SIRC disclosure, both weighted disclosure index and qualitative features. The disclosure index was adopted by Masruki et al. (2016). The reason for adoption is because this index has been specially designed for SIRC. This study extends by examine the reporting quality disclosure index and the performance of waqf resources. Disclosure index is useful to evaluate the quantitative disclosure, specifically for SIRC. The levels of waqf disclosure are categorized into five disclosure elements which are: (i) corporate information; (ii)

strategic information; (iii) financial performance information; (iv) financial statement information; and (v) non-financial performance information (Masruki et al., 2016). The list of the quantitative disclosure comprises of five disclosure element which is 57 items of disclosure (can be referred in Appendix II)

Whereas, the qualitative disclosure is adopted from Masruki et al., (2018) and Van Beest et al. (2009). There are consisting of 16 item indexes to measure both the fundamental and enhancing qualitative characteristics of financial reporting and non-financial. Details of the operationalization of the qualitative characteristics and scales of their measurements for disclosure of non-financial and financial statements is in Appendix III and Appendix IV respectively.

Fundamental characteristics consist of relevance and faithful representation. Whereas enhancing characteristics are understandability, comparability, and timeliness. The meaning and explanations of each qualitative characteristic are as follows:

1. Relevance

The relevance of information is correlated with its ability to help users evaluate, clarify, and correct past, present, or future assessments of events. The relevant information may make a difference in user preferences, especially if the information has predictive value and confirmatory or feedback value or both (Masruki et al., 2018). Predictive value is referring to outcomes of past, present and future event, whereas conformatory value is a confirmation of prior expectation. Information can make a distinction when it has predictive value, confirmatory value, or both (IASB, 2010). Both predictive and confirmatory values are interrelated. Reported information is only helpful when it refers to user-focused problems (Ezelibe et al., 2017). The first item used (R1) assesses financial break down on waqf. For non-financial disclosure, two items are constructs to assesses forward-looking information as it relates to future developments (R1) and the presence of non- financial information in term of potential fund opportunities (R2). R1, R2, and R3 refers to relevance question in the index.

2. Faithful Representation

Information should fairly represent transactions and other events following their substance and not just their legal form. Faithful representation information must be complete, neutral, and free from error (Masruki et al., 2018; Yurisandi & Puspitasari, 2015). Complete means the information must include all necessary information descriptions and explanations, whereas neutral means the information is free from bias and manipulations, and the last one is free from error means that the information must have no mistakes and omissions. Operationalize faithful representation items based on completeness, neutrality, verifiability, and free from material error. It is consisting of three items for financial statement disclosure and non- financial disclosure. The first and second item reflects whether F1 and F2 examine the verifiability of certain decisions as it pertains to choose accounting principles, policies, assumptions, and estimates. F3 assesses the auditor's reports. Whereas, for non-financial disclosure item will assess relating to assumptions and estimates in the annual report, the discussion of the annual result and information on corporate governance. F1, F2 and F3 refers to faithful representation question in the index

3. Understandability

Understandability implies that financial reports must be obviously and concisely categorised, characterised, and displayed, as well as minimising technical words and unnecessary complexity so that content can be readily assimilated by the reader or user (Osasere & Ilaboya, 2018). To be understood about the disclosed information, users are expected to have a reasonable knowledge of the activities of the reporting entity. The information may persuade them to understand the data. The report should also include any complicated issues because other users could readily comprehend the data. U1 and U2 refers to understandability question in the index. Two items U1-U2 were applied in examining understandability either for financial statement disclosure or non-financial disclosure. For the financial statement items, it will measure financial reports presentation, which is in terms of organizing manner and notes to the account. Then, for non-financial disclosure, it measures the presence of the annual report, clarifies of presented information and language in the annual report.

4. Comparability

Comparability means users should be able to identify and understand similarities and differences between items (IASB, 2010). Information is comparable if it can be matched for another time or date with similar information about other entities and in the same entity (Osasere & Ilaboya, 2018). The report seems to be comparable if it allows users to look at the reporting entity's trends and results over certain periods (Masruki et al., 2018). There is one item to measure the comparability, which on the extent of disclosure on the accounting changes or revision in accounting estimates. Whereas, there are two items to measure comparability for non-financial disclosure, which is relating to the comparison of collection and distribution of waqf and the information in the annual report comparable to the information provided by other SIRC.

5. Timeliness

Timeliness ensures that decision-makers have knowledge and information on time to be able to influence their decisions (IASB, 2010). Timeliness means how long it takes for information to be made available to others (Osasere & Ilaboya, 2018). Normally, the information should be presented on time if the time taken to reveal the information is related to the quality of the decisions (Masruki et al., 2018). Besides, a study by Rokyah (2005), highlights that the disclosure level among SIRC is lower when the status of annual report release is outdated. Thus, it may lose the relevance of information since the older the information, the less useful it is. T1 refers to timeliness question in the index. There is one item to measure T1, which is the number of days; it takes the auditors to sign after the reporting date. Whereas, the timeliness qualitative characteristic has been declined for non-financial disclosure because of the voluntary nature of non-financial disclosure.

Since the waqf institution is a charity-based status, transparency in waqf reporting is essential. The quality of waqf reporting determines its survival because of the transparency requirement of stakeholders can be met. Thus, it highly continues to receive waqf donation. Accounting quality is a part of the accounting measures which

reflect the economic position and performance of the institution (Osasere & Ilaboya, 2018).

Thus, if there is informative financial disclosure of waqf transaction and operation, it will enhance waqifs' confidence towards waqf institution practice and management (Suhaimi Nahar & Yaacob, 2011). Unfortunately, in implementing the mutawalli to make public disclosure of its waqf operations, the current legislative act is rather weak. This possibly weakens the motivation of mutawalli for demonstrating accountability through quality reporting. However, comprehensive information disclosure would improve stakeholders' knowledge of waqf practices and, therefore, enhance trust in religiously rooted activities.

2.4.1 Quality Reporting Disclosure and Waqf Performance

Over the years, several definitions and measurements related to an organization's performance have been studied and suggested by academics. However, defining, conceptualizing and evaluating the efficiency of non-profit organizations and especially waqf institutions are not a simple task. There are limited studies on disclosure quality and performance of waqf fund. Thus, this study refers to organization and charity studies as a guideline and benchmark to examine the quality disclosure and performance element of waqf institution.

The impact of global financial crises in 2002 and 2008 has called into question the quality of financial reporting, accounting standards, corporate governance and accountability worldwide (Musleh Alsartawi, 2018). Therefore, organizations are encouraged to maintain a strong internal control structure and to encourage accurate and timely disclosure of all relevant results related to organizational performance, financial condition, management and ownership (Ramadhan, 2014).

Governance or corporate governance has received considerable attention from stakeholder for instance from regulators, financial institutions, investors and the society, believing corporate governance, corporate transparency and disclosure of information affect firm performance and market valuation. Transparency, accountability and

information disclosure practices were seen as a good governance mechanism for both mitigating agency costs by enhancing management actions and limiting administrators opportunistic behavior and promoting the integrity of the industry (Chi, 2009; Ashbaugh et al., 2004). In addition, the disclosure practices are part of communication and time-honored tool of regulators to achieve transparency (Mukherjee & Nath, 2003; Sargeant & Lee, 2004b). Thus, the implementation of disclosure practice would be able to enhance good governance as well as boost the institution performance.

As discuss by Musleh Alsartawi (2018) the lack of a governance structure for charities, indicate that organizations have not had a publicly available source of consistent, comparably-presented, legislative disclosure. Also, there has not been a body of accurate information to promote decision-making among donors. However, if disclosure requirements are met, the governance of charities can still be enhanced when a financial reporting system is in place.

According to a study by Lang and Lundholm (1993), shareholder and investor would be able to monitor management decision and firm performance when there is effective disclosure of governance practice, hence, indirectly can reduce information asymmetry (Chi, 2009; Han & Tang,2022). Drobetz et al., (2004) reveal that a company's performance is not only in terms of its profitability or development opportunities based on its business model. But also in terms of the effectiveness of its governance practice to ensure that investor resources and funds are not expropriated or wasted on unattractive projects. It is notable that when there is effective governance, it would be able to portray performance of the institution.

Besides, Callahan and Smith (2004) show that disclosure of governance practices is related to current and future company performance and market valuation in the management's discussion and analysis of the annual report. Thus, transparency reporting disclosure through the annual report is part of a governance mechanism in monitoring and observing firm performance as well as to portray accountability of the management (Chi,2009). Hence, the disclosure reporting would be able to improve institution performance as well as waqf institution.

The quality of corporate disclosure practices is closely correlated to the firm's performance in the financial market. It is supported by Chi (2009) found that high-quality disclosure of corporate governance contributes to higher monitoring of the financial accounting process and is associated with more informative company valuation and performance. It is also discovered that firm size, financial leverage and firm age are influenced by firm performance. Corporate disclosure can be interpreted as disclosure of information by individuals within public entities to individuals outside the main objective of corporate disclosure is to communicate firm performance and governance to outside shareholders (Haely & Palepu, 2001). Thus, the concept of disclosure for a corporate or non-profit organisation has the same target, which is to communicate the information to the stakeholder. Besides, it will portray institution accountability and transparency element of the disclosure.

Transparency and disclosure practice is a set of processes to ensure that a company maximizes shareholder value and prevents moral hazards (Bushman et al., 2004). Therefore, when performance as a proxy for information asymmetry between investors and management, corporate disclosure practices could be correlated with variation of company performance. A study by Chi (2009) finds that the quality of corporate disclosure practices influences firm performance positively, which reveal that effective transparency and disclosure reporting practice portray a strong governance mechanism that leads to excellent firm performance.

Appropriate disclosure information would assist in beneficial effects such as decreasing information asymmetry, decreasing uncertainty about the company's future performance, lowering inventory transaction costs, increasing liquidity and improving capital market efficiency (Nahrsulduz,2017). Disclosures are an interrelated step towards accountability. But, if there is absence quality disclosure practice, effective charity supervision cannot be provided. Disclosure, however, can be a useful tool for greater accountability if there is portray the transparency, accurate, comparable and the tools needed to respond to the disclosed information are available to open public. (Musleh Alsartawi, 2018). A meaningful financial disclosure would consist of comparability between charitable organizations (Musleh Alsartawi, 2018). Comparability will build up a benchmark which will encourage better internal governance by charities as well as leading to greater efficiency.

Chang et al. (2006) indicate that information asymmetry determined by the differences between supply and demand decreases with higher disclosure quality. Basuony and Mohamed (2014) believed that large companies prefer to reveal more information that would minimise the information asymmetry and, in effect, reduce the costs of agencies. A study by Li (2010) also found that a large firm has lower disclosure quality compared to small firms with high-quality rivalry.

As highlight by Basuony and Mohamed (2014), large firms tend to report financial information via the internet, as they can benefit from the disclosure of up-to-date information and low costs arising from the willingness of firms to do so. It is supported by Musleh (2017), by being transparency and quality information disclosure, it will be eliminating information asymmetries and agency problems. Thus, it can be concluded that the timely disclosure of financial information will enhance the performance of firms by reducing agency costs, defending investor rights and enhancing their trust.

Furthermore, a business that discloses well has a decreased propensity for profit-driven management (Iatridis, 2011). The study conducted by Blanco et al. (2014) found a positive relationship between profit quality and quantity of disclosure. A study by Luo et al. (2006) indicates that disclosure quality in private supplier-controlled businesses is smaller than government-controlled businesses in term of quality disclosure and stock returns. A study by Dastghir and Bzazzadeh (2003) found that increased disclosure quality decreases equity costs since the investors prefer to invest more widely in companies with greater disclosure due to less risk.

Saxton et al. (2014) highlight the web-based or online disclosure of information as an important component of the non-profit information environment. Also, information produced and retrieved on the web has been found to play a powerful role in various contexts in this millennium era. For instance, through social media, the news or rumors will be spread widely and quickly. Other than, through web disclosure, it is portrayed accountability of the management as well as would be able to deliver information that is particularly valuable to donors (Lee, 2004; Saxton et al., 2014).

Saxton et al. (2014) claim that the publication of the annual report and the extent of the disclosure of results are both associated with higher charitable contribution rates. In contrast, the volume or quantity of financial information is not related. Reporting disclosure should address the audience's information needs and be available and evaluable by that audience to be effective transparency. A study by Hyndman and McConville (2016) show that disclosure quality and transparency in charities organizations is poor. The finding of the study shows that lack of information to allow users to assess would lead to further weakness of the charities' transparency measures.

Information disclosure on fund or contribution is interrelated with transparency and financial performance element. To improve financial performance, the institution has to improve its transparency and professionalism (Nasri et al., 2019). The study also found that there is a positive impact on financial performance and transparency or information disclosure on fund management. The study by Yeo et al. (2017) indicates that disclosures of information about governance, background and performance except for finance are significant predictors of individual decision to donate. Kamaruddin et al. (2018) examines financial and non-financial disclosure of waqf institution which focus on corporate information, strategic information, financial performance information, financial statements information and non-financial performance information. It found that there is the lowest disclosure on non-financial performance element.

High-quality disclosures are essential because they are associated with increased stock returns and company value, which mitigates short-term market pressures and valuation errors (Jiao, 2011). Transparency or information disclosure increases future contributions and boosts performance in nonprofit organizations (Harris, 2021). A study by Chen et al. (2019) highlight that the information relating to audit quality disclosures encourages auditors to work more, particularly when financial reporting quality is poor, nevertheless, indirectly may also decrease organization performance on investment efficiency. According to Schizer (2019), enhanced analysis and disclosure in nonprofits can maximize social returns and improve efficiency by addressing challenges, monitoring progress, and eliminating ineffective programs. Furthermore, when financial disclosures are viewed as beneficial and helpful for decision-making, it may enhance donors' perceptions of the nonprofit's reputation and trustworthiness, resulting in increased donation intentions (Ghoorah, 2021).

Mustafa et al. (2013) conducts a study about information disclosure of SIRC institution, which focuses on zakat payers' trust. Mustafa et al. (2013) found that trust is established when an institution is perceived to disclose information to the public fully. High level of information disclosure may boost the positive image and recognize the role and competence of religious institutions in managing their sources such as zakat, waqf and other baitulmal sources (Aziz & Anim,2020; Mustafa et al.,2013). Thus, it is indirectly may influence waqf performance. Thus, it can then be argued that organizational success is the evaluating methods by which the entity's ability to fulfil the target and achieve the best result at the closing time is evaluated (Aziz & Anim, 2020).

Thus, this study will examine reporting quality disclosure and waqf resources performance management. The reporting disclosure element will consist of the quantitative disclosure and qualitative characteristic of financial and non-financial. While the waqf resources performance management will measure waqf and institution (SIRC) performance measured by operational performance and financial performance.

These findings have significant implications for a non-profit organization as well as waqf institution by considering reporting quality disclosure. It can influence waqif or donor decision by use disclosure statements to support informed decisions about which organizations they endowed or donate.

2.5 THEORETICAL FRAMEWORK

The theoretical framework in this study is mainly represented by stewardship theory and legitimacy theory. The stewardship theory is part of governance theory. Under this theory, a steward protects and maximizes shareholders wealth through institution performance. The theory of legitimacy helps to explain the actions of the institution in adopting, establishing and communicating its policies of social responsibility. Legitimacy is the basis in this study by refers to the state enactment, vision and mission of SIRC and accounting standards.

2.5.1 Stewardship Theory

The theory of stewardship describes circumstances in which managers are not motivated by individual goals, but rather as stewards whose motivations are associated with their principal objectives (Davis et al., 1997). In other words, stewardship gives greater value to organizational rather than individual goals by seeing the organization's achievements as its achievement (Pastoriza & Arino, 2008). Motivation creates the differences between the two theories that concentrate largely on the interpretation of the relationship between manager and principal. The agent is motivated by extrinsic factors such as profit maximization, and the stewards are motivated by intrinsic factors such as success and obligations (Davis et al., 1997).

Under stewardship theory, an agent is turned into a steward and aligned with the principal's goals. The steward believes that his personal needs are met by working for corporate, collective ends and that his interests are matched with those of the company and its owners (Van et al., 2012). Hence, a steward is driven to optimise organisational efficiency, thus fulfilling shareholder interests. Since the steward perceives greater utility in cooperative behaviour than in individualistic behaviour and acts accordingly, this action may be considered rational.

Stewardship theory has its roots in psychology and sociology and can be divided into two categories (Caers et al., 2006). The first categories are always beginning from a conflict between the principal's interests and the agent but assume the agent will be motivated to act in the principal's interest (Davis et al., 1997). Meaning that even if the agent's and principal's interests are not aligned the agent will achieve a higher degree of benefit by acting in the interests of the principal, as doing so may lead to incentives for desirable personal outcomes such as accomplishment, association, and self-actualization. The second categories believe the agent's goals are matched exactly with those of the principal (Sundaramurthy & Lewis, 2003).

A stewardship-based approach assumes the obligation of nonprofit organizations (NPOs) to act in the interests of their donors. Kelly (2001) proposes four management techniques that non-profit organizations should use to build a beneficial fundraising relationship with their donors: reciprocity, responsibility, reporting and

nurturing relationships (Van et al.,2012). This management technique can also be implementing in waqf institution by giving appreciation like tax exemption as reciprocity and informed the donor how and what project will be used. Thus, it will show institutions are wisely using the fund. Then, the institution also may provide the accurate financial information as information about fund usage. In order to nurturing relationship, an institution may continue building the relationship by inviting donor to special event other than fundraising context. Besides, it may enhance waqf donor to contributing in waqf as well as would enhance donor and society trust and confidence towards waqf institution. According to Yuliafitri and Rivaldi (2017), basic concept of stewardship theory is trust. The principal (waqf donor) believes the steward (manager) can do his job well, be responsible, and have integrity. The theory of stewardship assumes that there is a strong relationship between waqf satisfaction and organizational success (Yuliafitri & Rivaldi, 2017).

Thus, it is shown that the stewardship theory must not only take into account the conflict of interest or goals. It also needs to focus and share common interests which are motivated to act in the interests of the principal. In the waqf organisation situation, instead of maximising or utilising the benefit or goal, the waqf management will act in the interest of donor to contributing to the beneficiary. Besides, stewardship theory is rooted in the spiritual understanding that human beings are merely a trustee of the property entrusted to them by Allah, in line with accountability concept that which is by accountable to Allah for his acts in dealing with the wealth entrusted to him (Suhaimi et al., 2011).

The theory used in governance accountability is to examine reporting quality disclosure towards the performance of waqf fund. Thus, it is the responsibility of the mutawalli to act and perform as well as effectively and efficiently manage waqf fund for the benefit of the donor and beneficiary. In this theory, the mutawalli is responsible for managing waqf asset and accountable with all decision made along in managing waqf asset. This relationship is known as accountability which can be fulfilled by disclosing all information needed by principle (Masruki et la., 2018). Accountability is to ensure that the mutawalli or steward to behave in the best interest of stakeholder or principle. Besides, it can increase the confidence of donors and beneficiaries in contributing to the waqf funds by obtaining clear information.

The application of stewardship theory would allow the organization to examine governance practices and their effect on performance and efficiency accounting practices that may promote transparency and confidence-building. Thus, by being fully disclosure in waqf or SIRC activities, it is indirectly will increase waqf performance due to an increase in donor trust. When there is higher disclosure, it will be improved performance benefits stakeholder. The disclosure will ultimately improve the confidence of stakeholders and enhance the legitimacy of SIRCs in terms of social acceptance.

2.5.2 Legitimacy Theory

According to Suchman (1995), legitimacy is a general perception or inference within some socially constructed set of standards, principles, beliefs, and meanings that an entity's acts are good, legitimate, or acceptable. Legitimacy theory may be used in corporate reporting as an example of the accountability reporting process to communicate with stakeholders (Woodard et al., 2000). Legitimacy theory has a role in understanding the organization's obligation to enforce and establish the social disclosure of information needed by stakeholders to meet the organization's social contract to achieve purpose, mission and vision. Legitimacy can be seen through institutions presentation and compliance towards their rules and regulation, accounting standards and enactment. Better information disclosure will lead to generate more confidence to the donor or society as well as enhance legitimacy. Since the disclosure is a tool to the transparency, which is works as trust-building tools, thus it would also enhance the legitimacy (Kamarubahrin et al., 2019). The theory of legitimacy indicates that an organisation must have goals similar to those of society as a whole (Ahmad & Sulaiman, 2004). According to the theory of legitimacy, society holds the hope of how an organization operates. The public expects the organization to comply with the expectations contained in the social contract (Suchman, 1995).

Legitimacy is considered an external perception by the community or stakeholders. If societal expectations of organizational behavior do not represent good moral values in society, they can contribute to a deficiency in the credibility of organizations (Maria and Isabel, n.d.). Donor or stakeholder are required signals to

mitigate the information asymmetry. Disclosure is one of the ways to solve the problem when organizations face issues of legitimacy (Suchman, 1995). According to Samargandi (2018), legitimacy is achieved through an internal and external audience that observes and assesses the legitimacy of the organization.

The strategic and institutional perspectives of legitimacy theory are most relevant to SIRC. According to Suchman (1995), organizational legitimacy arises from the strategic (internal) techniques used by corporate management to influence external perceptions and institutional pressures (Ahmed Haji & Anifowose, 2017). Suchman (1995) highlight that, strategic perspectives legitimacy theory adopts a managerial perspective and focuses on strategies employed by companies to acquire, maintain and repair organizational legitimacy. In contrast, institutional legitimacy indicates that structured policies and processes, including accounting and reporting practices, are implemented through organizations (Ahmed Haji & Anifowose, 2017). Also, legitimacy theory is that organizations should not only pay attention to the investor's rights but should also respect the public's rights in general.

To gain legitimacy, companies engage in social and environmental activities which portray accounting implications in the annual reports of the company through published social reporting. It can be measured based on the company or institution's disclosure of information. The information may refer to the institution's financial information or annual report. Therefore, from the waqf institution perspective, the donor's evaluation and understanding of the information is important in establishing legitimacy. The information discloses in the annual report would allow the donor and other stakeholders to make an informed judgment about the efficiency and managers' sustainability decision and action.

Thus, high-quality information disclosure would lead to transparency and enhance waqf institution reputation and social profile (Iatridis, 2011). A study by Ahmed Haji and Anifowose (2017) highlights the use of corporate reporting practices as communication between the company and the relevant public to address incidents while revealing both financial and non-financial performance. In addition, the main objective of the waqf institution is to ensure that the waqif's intentions are fulfilled and that donated properties and investment should be managed efficiently. The waqf

institution would then meet its purpose in terms of its obligations and social responsibilities. The difference between waqif and ordinary shareholder is that the latter aim for profit maximization, whereas waqif hope their investment will be blessed by Allah Almighty in the hereafter (Daud, 2018a). Thus, the institution may increase, maintain or decrease the level of disclosures or adopt different reporting strategies to respond to evolving issues to maintain organizational legitimacy. Besides, it will also improve public confidence and trust in participating and contributing to the waqf institution as well as enhance waqf fund performance due to legitimacy and the social contract.

2.6 RESEARCH FRAMEWORK

This study will adopt a theoretical framework, as shown in Figure 2.2 below. Legitimacy is the basis for the relationship which is focus on regulatory and social legitimacy by refers to the state enactment, vision and mission of SIRC and accounting standards. Whereas, the stewardship theory will influence higher disclosure as well as improved performance and indirectly increase the benefits to stakeholder. Thus, by being fully disclosure in waqf or SIRC activities, it is indirectly will increase waqf performance due to an increase in donor confidence and trust. Disclosure will ultimately improve the confidence of stakeholders and enhance the legitimacy of SIRC in terms of social acceptance. The summary of the variables measurement in the framework can be referred to Table 2.4.

Theoretical Framework of the Research

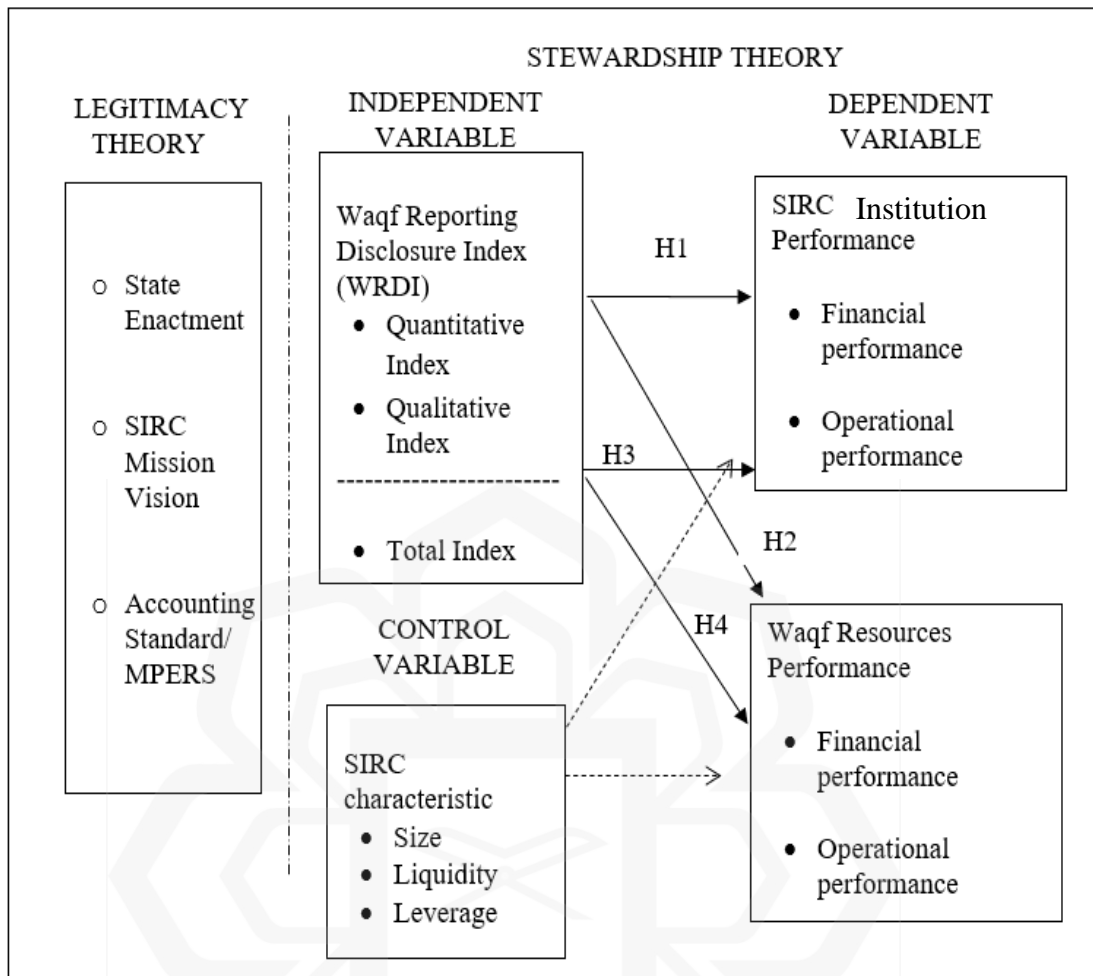


Figure 2.2 Theoretical Framework of the Research

Table 2.4 below explain the summary of the variable's measurement in the framework. The variable consists of dependent variable (measured by financial and operational performance) independent variable (measured by waqf reporting disclosure index) and control variable.

Table 2.4 Summary of Variable Measurement

Variables	Items	References	Explanation
Dependent Variable	<p>SIRC Institution Performance</p> <ul style="list-style-type: none"> • Financial performance • Operational performance <p>Waqf Resource Performance</p> <ul style="list-style-type: none"> • Financial performance • Operational performance 	<p>Shafii et al. (2014); Sulaiman & Zakari, (2015); Pirasteh, (2011); Sulaiman et al. (2009)</p>	<ul style="list-style-type: none"> • There is positive impact on financial performance and information disclosure on fund management. High level of information disclosure may boost positive image and recognize the role and competence of religious institutions in managing their sources.
Independent Variable	<p>Waqf Reporting disclosure index (WRDI)</p> <ul style="list-style-type: none"> • Quantitative Index • Qualitative Index • Total Index 	<p>Masruki, Hussainey & Aly, (2018); Masruki et al. (2016); Van Beest et al. (2009).</p>	<ul style="list-style-type: none"> • Quality of disclosure practices has positively influenced the firm performance. Disclosure practices is connected with present and future company performance in the discussion and analysis of the annual report by the management. • The quantitative index measurement is categorized into five disclosure elements which are corporate information, strategic information, financial performance information, financial statement information and non-financial performance information. There are 57 items of disclosure • The qualitative index consisting of 16 item indexes to measure both the fundamental and enhancing qualitative characteristics of financial reporting and non-financial. • Total index is combination of quantitative index and qualitative index.
Control Variable	<p>Financial characteristic</p> <ul style="list-style-type: none"> • Size • Liquidity • Leverage 	<p>Masruki et al. (2018a). Li (2010); Hussainey & Al-</p>	<ul style="list-style-type: none"> • Big institutions have lower disclosure quality compared to small firms

Variables	Items	References	Explanation
		Najjar, (2011); Aly et al. (2010); Debreceny et al. (2002)	<ul style="list-style-type: none"> • Highly liquid organizations have been asserted to have greater agency costs and are therefore more likely to reveal more data to decrease such expenses. • Highly leveraged organizations are more likely to reveal more data from the view of the agency theory due to the rise in agency costs.

2.7 CHAPTER SUMMARY

The earlier reviews highlight a number of topics concern. Firstly, the discussion SIRC and waqf reporting. Secondly, waqf background in Malaysia, the disclosure and performance of waqf resources. According to previous study, the performance of waqf institutions is determine from various perspectives which is governance, accountability, sustainability and disclosure. In some cases, the financial health ratios are used to examine the efficiency and effectiveness of waqf institution performance towards financial sustainability. However, this study adapted prior study computed ratio to access waqf performance in terms of financial and operational measures and the impact with quality reporting disclosure. These ratios are relevant and can be adapted to determine the financial strength of waqf organizations, and will notify waqf organizations about what data they need to reveal in their reporting to encourage them to practice transparency and enable stakeholders to evaluate their performance. The information disclosures enable to improve waqf administration in term of presentation, and transparency. The information disclosures not only translate to greater transparency but also encourage to donor contribution due increasing in public trust.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter discusses and illustrates the research methodology used in this analysis to achieve its research objectives. In the first section, research design will be described to provide justification for the research design and clarifying the setting and scope for the procedure of the research. In this section, data collection technique, population, sampling and unit of analysis, the elements of variable measurement, instrument, and research procedures are presented respectively. This chapter closes with a chapter summary.

3.2 RESEARCH DESIGN

This section elaborates the overall strategies and methods related to data collection and data analysis process. Research onion by Saunders et al. (2019), encompassing the philosophy of research, approach, strategy, choice, time horizon, and techniques and procedures. This study will adopt research design as highlighted in green circle in Figure 3.1 below.

This study attempts to assess reporting quality disclosures of the SIRC by explaining how the quality of the reporting can be influenced the performance of waqf resources. The purpose of this research is considered as combined studies achieved by the use of mixed methods in the research design (Saunders et al. 2019; Sekaran & Bougie 2013).

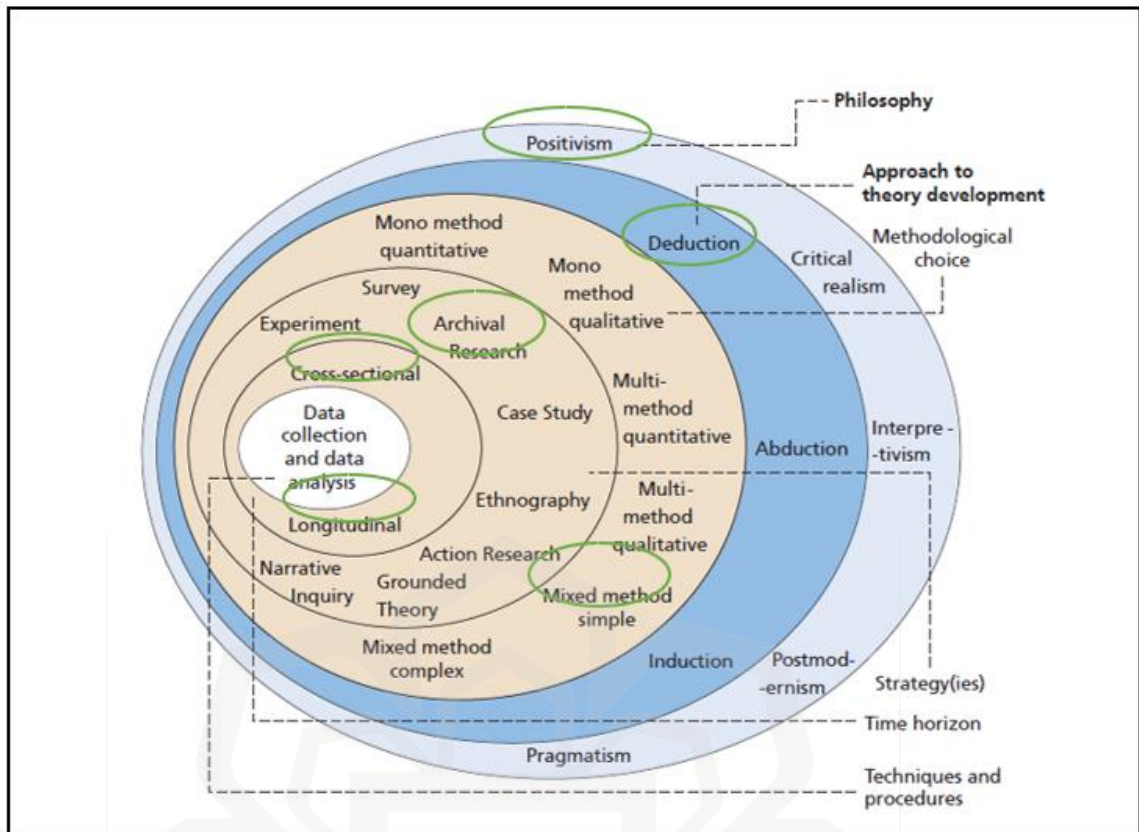


Figure 3.1 The Research "Onion"
 Source: Saunders et al. (2019: p.164)

3.2.1 Philosophy Position

The philosophy of research is an investigation of the causes, or principles of reality, knowledge or values based on logical reasoning and not empirical methods (Saunders et al. 2019). In conducting this study, the positivism philosophy has been adopted. The objectivism is to testing hypothesis, mathematically interpreted to reveal the variables relationship and the qualitative ways as a support to quantitative data. Several factors are underlying, choosing the positivist approach. First, through much debate, positivism is generally accepted as true and transferable to social science research (Bryman & Bell 2011; Evely et al. 2008). Second, the positivist approach is based on the ontological theory which is exists on objectively, independently and cannot be constrained by time and context (Bryman & Bell 2011). Thus, positivism gives the most suitable context for this research aimed at resolving the research problem by using and improving

established theories to understand how the relationship reporting quality disclosure has an impact on the performance of waqf resources.

Third, the object of positivist research is merely to confirm or refute the hypotheses of variables relationships or simply to check the theory rather than suggest a new theory (Saunders et al. 2019). Thus, since the primary aim of this research is to investigate SIRC's quality reporting disclosure on the performance of waqf resources by testing several hypothesized relationships between constructs, it considers it necessary to adopt positivism to achieve the research objective. Fourth, the positivist see knowledge is accurate, helpful and the development of knowledge must be guided by theory and literature (Saunders et al, 2019). Therefore, positivism is best suited to address the objectives of this research by using existing theories and testing several hypotheses to examine quality reporting disclosure of SIRC on performance of waqf resources.

3.2.2 Research Approach

There are two difference approaches to conducting research, namely deductive and inductive approaches. However, Saunders et al. (2019) adds another approach namely abduction. Abduction is a combination of both deductive and inductive approaches. Understanding this approach is crucial to developing research philosophy and assist to determine appropriate research as well as strategic research options to enhance research efficiency. A deductive approach begins by choosing the right theory, developing hypotheses from theory and designing strategies to test hypotheses made on the basis of past findings whether to accept or reject the initial hypothesis (Saunders et al., 2019). Deductive methods are also known as top-down methods. It is a scientific principle, which is from theory to access data, explain relationships or the influences, quantitative, freedom of research inquiry and have enough sample to draw conclusion.

By adopting a positivist position, this study tends to focus on theoretical testing, which takes a deductive approach (Holden & Lynch 2004). This study has specifically adopted the current theories for formulation of hypothesized relationships, obtained quantitative data from a content analysis and employed the correct statistical analysis

techniques for testing the hypotheses. This method generalizes the findings from general to particular, as the obtained data are used to test the hypotheses of an established theory. As a result, this approach contributes either to the falsification or verification of the existing theory.

3.2.3 Research Strategy, Methodology Choice and Time Horizon

The determination of the appropriate research strategy, the research decision and the time horizon will be followed following the establishment of the research philosophical position and research approach.

A research strategy is a plan of how the researcher will respond to the research question. It is the methodological connection between philosophy and the following methods for data collection and analysis (Denzin & Lincoln 2011). This research adopts the positivist position, emphasizes on deductive approach and combined studies achieved by the use of mixed methods in the research design (Saunders et al. 2019), which aims to prove the hypothesized relationships among underlying constructs that derived from the existing theories, archival and documentary research strategy will be used in conducting this research (Sekaran & Bougie 2013).

Then, for the methodological choice, this study adopted mixed method research design as in Figure 3.2. In mixed methods research, quantitative and qualitative techniques are combined in a sequential form (Saunders et al. 2019). To be more specific, this study adopted sequential exploratory research design (qualitative followed by quantitative).

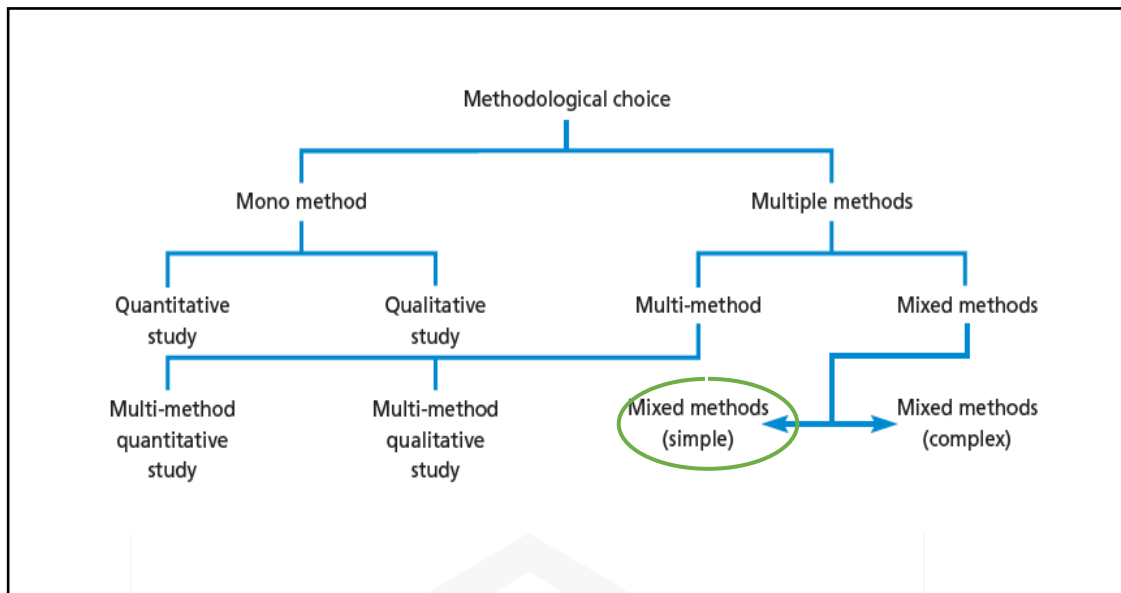


Figure 3.2 Methodological Research Choices
Source: Saunders et al. (2019: pg167)

Then, for time horizons, there is two difference way in collected the data which is either cross-sectional or longitudinal. A cross-sectional is focusing on a particular phenomenon at a specific time point, whereas longitudinal by observing a phenomenon over an extended period of time (Saunders et al. 2019; Sekaran & Bougie, 2013). In other words, cross-sectional studies collect data from the various sample of people in order to analyze sequences of action and social change in a short time period. Then for longitudinal studies, the data are collected repeatedly over an extended period of time from the same sample. Thus, this study is used cross-sectional longitudinal study since it is considered more appropriate with the sample study. Since, this study used difference sample of SIRC that have difference enactment and presentation, thus its is would be able to studied over the same period of time to know and compare the similarity and differences.

3.3 DATA COLLECTION TECHNIQUE

Both qualitative and quantitative data collections techniques are employed. This study adopted sequential exploratory designs which consist of a qualitative and quantitative method by using a content analysis approach by reviewing the annual reports of fourteen state institutions that manage waqf. The qualitative data in this study was collected

through content analysis to develop instrument measurement index. The qualitative disclosure index instrument measurement is developed by using content analysis for question data validation to make it proper and appropriate suited with SIRC background. Then, the disclosure index instrument will use for quantitative panel data analysis. To collect the data, the instrument will use an index measurement approach to measure the quality reporting disclosure levels. This study also used ratio analysis to measures performance of waqf resources.

The main sources of the data are collected from the institutions' published and audited annual reports from the SIRC website and validated with SIRC officials. However, if the information sought is not available on the SIRC website, the annual report will be requested directly from the SIRC to obtain necessary information. The data in the annual report will be extracted to obtain information on both governance and financial reporting information. In this study, the data and annual report of the institution were collected for ten consecutive years; from 2010 until 2019. The data is collected for ten years due to assess the extent of changes and improvements in the report as a result of the transition from Private Entity Reporting Standard (PERS), Malaysian Private Entity Reporting Standard (MPERS) or the Malaysian Financial Reporting Standards (MFRSs). MPERS is made effective 1 January 2016, requires entities to transit from PERS to either MPERS or MFRS. Those who choose to adopt PERS and MPERS need to adopt this standard beginning or after annual periods of 1 January 2016 while for MFRSs for annual periods beginning on or after 1 January 2012 (Salin,2017).

According to Froelich et al. (2000), the audited financial statement is considered as an important document data since it published all information about financial standing and others' organisational issues (Sulaiman & Zakari, 2015). Audited financial statements are verified and hence reliable (Froelich et al. 2000). Thus, the annual reports of the waqf institutions used in this study were considered reliable and credible sources of data. The SIRC institutions are as follow:

1. Majlis Agama Islam Selangor (MAIS), established on 1952
2. Majlis Agama Islam Wilayah Persekutuan (MAIWIP), established 1 February 1974

3. Majlis Agama Islam Dan Adat Melayu Terengganu (MAIDAM) established on 16 February 1949
4. Majlis Agama Islam Kelantan (MAIK) established on 24 December 1915
5. Majlis Agama Islam Perak (MAIPk). Established on 23 October 1949
6. Majlis Agama Islam dan Adat Istiadat Melayu Perlis established on 1 February 1948
7. Majlis Agama Islam Negeri Kedah (MAINk) established on 4 April 1963
8. Majlis Agama Islam Pulau Pinang (MAINPP) established on 15 April 1959
9. Majlis Agama Islam Negeri Sembilan (MAINS) established on 1947
10. Majlis Agama Islam Melaka (MAIM) established on 28 September 1960
11. Majlis Agama Islam Negeri Johor (MAIJ) established on 1925
12. Majlis Ugama Islam dan Adat Resam Melayu Pahang (MUIP) established on 1926
13. Majlis Islam Sarawak (MIS) established on 17 December 1954
14. Majlis Ugama Islam Sabah (MUIS) established on 1971

3.4 POPULATION, SAMPLING AND UNIT OF ANALYSIS

The population of this study is all the SIRC or Majlis Agama Islam reporting entities in Malaysia which consist of 14 states (i.e.: Selangor, Federal Territory, Kelantan, Terengganu, Perak, Kedah, Penang, Pahang, Perlis, Negeri Sembilan, Sabah, Sarawak, Johor and Melaka). The annual reports are compiled for the period from 2010 to 2019. This is selected due to see the changes that occurred on disclosure of information before and after transition period from PERS to MPERS accounting standard. In the preliminary stage, the whole population will be considered for sample selection. However, the sample selection of the collected data as per specified criteria is subject to the accessibility of annual report and audited financial statement within the sampling period. Thus, there's only seven SIRC are selected due to the availability of the data as well as due to separation of the waqf accounting criteria. The separation accounting for waqf resources is chosen to answer the research objective 3(RO3).

Unit of analysis is a unit that represents ideas, chain of arguments or topic of discussion (Strijbos et al. 2006). Rourke et al. (2001) differentiate five types of units'

analysis which are messages (email or forum contributions), paragraphs (sections), meaning or thematic units, sentences or syntactic units and illocution. Unit of analysis of this study focuses on the financial statement section, waqf paragraph section and presentation of annual report.

3.5 VARIABLE MEASUREMENTS

This study adopted sequential exploratory research design by adopting qualitative approach and then followed by quantitative approach. The RO1 and RO2 represent the qualitative approach whereas RO3 represent the quantitative approach. In order to achieved RO1 and RO2, content analysis techniques are used. The quantitative disclosure index was adopted by Masruki et al. (2016) as measurement for RO1. In order to achieved RO2, the qualitative disclosure index is adopted and modified from Masruki et al. (2018) and Van Beest et al. (2009) as a measurement. Thus, in order to achieved RO3, this study uses the index derived from RO1 and RO2 as the independent variable (WRDI). Where the dependent variable is SIRC institution performance and waqf resource performance measured by financial performance ratio and operational performance ratio. These dependent variable from SIRC and waqf resources are choose to seek the performance management from whole institution perspective (SIRC institution) and from waqf management perspective (waqf resource). In addition, it would be able to do comparison between selected SIRC institution in Malaysia on waqf management. This study used panel data regression model to explain the impact of WRDI on SIRC institution and waqf resource performance. This section discusses in depth the dependent variables, independent variables and control variables.

3.5.1 Dependent Variable: SIRC Institution Performance and Waqf Resources Performance

Based on several ratios adopted, the information will be tabulated. The information will be analyzed using financial and operational measurements ratio analysis technique from several previous studies (Shafii et al., 2014; Arshad & Mohd zain 2017) which are

derived from SIRC's financial statements (see Appendix V). The financial figures will be extracted and selected to compute and analyze the ratios.

The financial and operational ratios are performance measures of SIRC Institution and Waqf resources. Thus, through the performance measurement it will portray effectiveness and efficiency of SIRC Institution and Waqf resources. This performance ratio will be used to answer research question three, the objective of the study (RO3) is to determine the impact of current waqf disclosure practices on SIRC institution performance and Waqf resource performance. The financial performance ratio consists of five ratios which are equity balance (EB), revenue concentration (RC), operating income (OI), operating margin (OM), and income growth (IG). Whereas, operational ratio consists of cash availability (CA) and return on investment (ROI).

The ratio assessment was accomplished by dividing the numerator by the denominator to provide number indicators to assess the impact with waqf reporting disclosure index (WRDI). These ratios are relevant and can be adopted to assess SIRC Institutions fiscal power and will enlighten waqf resource on what data they need to disclose in their reporting to allow them to practice transparency and allow stakeholders to assess their performance.

3.5.2 Independent Variable: Waqf Reporting Disclosure Index Measurement

This research will study the quantitative and qualitative of SIRC disclosure, both weighted disclosure index and qualitative features. The quantitative disclosure index was adopted by Masruki et al. (2016), it is portraying the total number of disclosure item in the report. Whereas, the qualitative disclosure index portrays the level of information disclosure whether the item is in details enlighten or vice versa. It is adopted and modified from Masruki et al. (2018) and Van Beest et al. (2009).

To examine current waqf disclosure, a waqf quantitative disclosure index is used for both financial and non-financial aspects. The research objective one (RO1) i.e. to assess current disclosure levels of waqf in selected SIRC's reporting practices based on their relevant statutory requirements and policy disclosures. The RO1 measured by

using quantitative disclosure index adapted from previous waqf reporting practices study done by Masruki et al. (2016). The levels of waqf disclosure are categorized into five disclosure elements which are: (i) corporate information; (ii) strategic information; (iii) financial performance information; (iv) financial statement information; and (v) non-financial performance information (Masruki et al., 2016). There are 59 items in total and each disclosure element have their own item indicator for measurement purpose. Details of the disclosure item for SIRC can be refereed in Appendix II. This study uses a dummy variable of 1 if an indicator is disclosed, or otherwise zero, as a proxy of non-disclose. Since this study sample is 10 years period of annual report and financial statements, the total score is 590 (59 item x 10 years).

The qualitative disclosure index items are based on the conceptual framework of the International Financial Reporting Standards (IFRS), namely relevance, faithful representation, understandability, comparability and timeliness. The research objective two (RO2) i.e. to evaluate qualitative disclosure practices of waqf in SIRCs reporting based on the international reporting standards and requirements intended for special purpose public entities such as SIRCs. Based on the 'benchmark' ranking, the characteristics were scored, ranging from poor (1) to excellent (5). Based on the 'benchmark' ranking, the 16 item were scored. Each of the item are giving a scores using scale rating measurement based on the information disclose by referring to the annual report and financial statements. Thus, the total score for 10 years of reporting disclosure practice is 800 (16 item x 5 score x 10 years). There are two different sets of eight qualitative characteristics designed for non-financial and eight for disclosure of financial statements (can be refereed in Appendix III and IV). The quantitative disclosure index has been developed through modification, adaption and adoption to make it suitable with SIRCs background. This index has been used to answers RO2 and RO3 after validation by the expert.

The research objective three (RO3) i.e. to determine the impact of current waqf disclosure practices on SIRC institution performance and Waqf resource performance. To answer RO3, the regression are done by using the result from RO1 and RO2 which is the quantitative index and qualitative index.

3.5.3 Control variables: Financial and Non-Financial characteristics

In order to analyze the control variable part, this study will adopt three financial characteristics as a control variable, which is the size or wealth of the SIRC, liquidity and leverage factors.

1. Size/wealth

A study by Li (2010) showed that big companies have lower disclosure quality compared to small firms. Size can be measured using total assets and total sales (Hussainey & Al-Najjar, 2011; Aly et al., 2010). In this study, as the main objective is waqf rather than sales, size is measured by total waqf asset.

2. Liquidity

According to Masruki et al. (2018a), high liquidity organizations have been asserted to have greater agency costs and are therefore more likely to reveal more data to decrease such expenses. They do this by demonstrating their capacity to pay the present debt without liquidating other assets, in line with the agency theory and stakeholder theory, to meet stakeholders' satisfactions at big. Liquidity is measured by a ratio of current assets to current liability.

3. Leverage

Highly leveraged organizations are more likely to reveal more data from the view of the agency theory due to the rise in agency costs. Indeed, more data revealed can decrease the expense of the organisation while demonstrating a timely capacity to pay a debt, especially to creditors (Masruki et al., 2018a; Debreceeny et al., 2002). Thus, in this study, leverage is measured by a ratio of debt to total assets.

3.6 INSTRUMENTATION

This study has adopted, adapted and modified several item in constructing the reporting quality disclosure instrument index items. The instrument index items are based on the conceptual framework of the International Financial Reporting Standards (IFRS), namely relevance, faithful representation, understandability, comparability and timeliness. This instrument index answer research question two, the research objective two (RO2) i.e. to evaluate quality disclosure practices of waqf in SIRC's reporting based on the international reporting standards and requirements intended for special purpose public entities such as SIRC's.

All five characteristics have been modified to measure the quality of financial disclosure, but the standard attribute of timeliness has declined due to the voluntary nature of non-financial disclosure. The validation (can be referred in Appendix VII) has been done by conforming to financial statements and annual report to know whether the instrument correctly covers all the information it should apply to the variable (i.e. waqf reporting quality disclosure). For the validation, there is some item that has been dropped and modified since the measurement is not clear and not suitable to SIRC. There are four questions has been dropped since the question is not relevant with SIRC background.

3.6.1 Content Validity

Content validity is the procedure to measure the variables to determine whether it is sufficiently and suitably covered the full area of the conceptual variable (Stangor, 2015). Experts are engaged to evaluate the items on the instrument whether they had covered the appropriate and suitable content (Clark & Creswell, 2015). This will provide constructive input on the qualitative disclosure index of the newly produced items through the expert review panel.

Validation form was systematically used to validate the waqf reporting qualitative disclosure index with the attachment of formal letter, research objective and research question of this study as a brief picture about this study. The last column

provided space for experts to suggest a comment for improvement and suggestions from the experts. The detail validation form used is shown in Appendix VI. The percentage value of qualitative disclosure index that has been assessed by an expert was evaluated using the percentage calculation method (PCM) formula, as suggested by Tuckman and Waheed (1981) as following:

$$(\text{Total expert score} / \text{Total maximum score}) \times 100\% = \text{Content validity level}$$

On the validation, the presentation was conducted with three accounting and finance experts. The selection of the experts was based on their experiences in accounting and finance theoretically and practically. Two professional experts are lecturers in the accounting field and have more than ten years of experience. Furthermore, one expert is active in accounting practice in financial reporting. The detail experts background, validation feedback and comment is shown in Appendix VII. The total expert score is the score that assesses the scale of the question or item measures to be calculated. The total expert score is then divided by the total maximum score. The question or item measures uses a 4-point scale consisted of 16 items, and the maximum score for each item is 16. The total maximum score is calculated based on the product of the number of items with a maximum score. Then, the value will be timed with 100. As a result, those values are called as content validity measurement achieved by qualitative disclosure instrument index.

3.6.2 Expert Validation of Qualitative Index

Content validation for qualitative disclosure index was performed by one professional expert and two field experts (can be referred in Appendix VI and VII). The achievement of content validation is calculated using the PCM method. Good content validation percentage was set at 70%. WRDI index has achieved the content validity of 96.35% and the value is above 70%. Based on the result, contents in the qualitative index are considered of good validity. Table 3.1 shows the content validity measurement for the qualitative index.

Table 3.1 Content Validity Measurement

ITEMS	RATER 1	RATER 2	RATER 3
1	15	16	15
2	16	14	14
3	16	16	16
4	16	16	15
5	16	14	15
6	16	16	16
7	12	15	15
8	14	14	14
9	16	16	14
10	16	16	14
11	16	16	16
12	16	16	16
13	16	14	16
14	16	16	16
15	16	16	16
16	16	16	16
Total	249	247	244
Content Validity Achievement (100%)			96.35

However, there were suggestions by experts for improvements to the contents in WRDI index. Rater1 suggested to change the accounting term from Income Statements to Statement of Comprehensive Income (SOCI) and term Balance Sheet to Statements of Financial Position (SOFP) that were clearer and more updated to current term. Rater 1 also suggested and recommended to change the item attribution for comparability item measures since there is probability that there are no changes in accounting policies. Other than that, Rater 1 and Rater2 also suggested to change or replace book-year end to financial year end as well as change the judgement on item attribution. Rater3 suggested to seek Shariah compliance and maqasid shariah to be addressed. Based on the experts' suggestion, modifications to qualitative disclosure index were performed. The modifications included are changes in accounting term and item attribution judgement has been modified and refined based on the experts' comments.

3.7 RESEARCH PROCEDURE

This study will be conducted through three recognizable phases.

Phase One:

State enactment reporting provision and SIRC's are referred and compared amongst SIRC's to establish the legitimacy status and authority as well as the scope relevant to waqf reporting framework and requirements. In this phase, the State enactments and SIRC's reporting are reviewed and compared to compare the similarity and differences as well as to establish a common benchmark

Phase Two:

Categorical analysis will be implemented to explain the variation of disclosures practices to track and observe changes in legislative and reporting standards requirements relevant to SIRC disclosures during the sampling period. Based on the categorical analysis, the presentation disclosures among SIRC are reviewed and compared to develop the qualitative disclosure index.

Phase Three:

The actual disclosures and quality reporting disclosure gaps are analyzed to identify and compute disclosure index for each SIRC for each reporting period with reference to SIRC requirements and accounting standards as well as average disclosure index for the SIRC's for the sampling period. The instrument has adapted and modified with the question data validation from existing reporting to make sure the instrument adequately and in a representative manner covers all the information it should represent to the variable (i.e. waqf reporting quality disclosure).

Phase Four:

Then, the instrument which is qualitative disclosure index and performance measures are applied to process the data. Both analysis and regression are made to explain the impact of waqf reporting disclosure index (WRDI) on SIRC Institution and Waqf Resource performance based on SIRC institutional characteristics as control variables.

3.8 DATA ANALYSIS

This study uses the approach of content analysis to collect and analyze the collected information. According to Kolbe and Burnett (1991), content analysis is a systematic tool, also known as an observational research method, which examines the symbolic meaning of all types of recorded communication, (Sekaran & Bougie, 2013). It is used by coding the text data into a specific category and eventually defining or interpreting them through computer statistics software which is primarily for the quantitative research process. (Hsieh & Shannon, 2005).

This study uses content analysis by analyzing annual reports to examine SIRC state enactment (i.e. reporting requirement), governance structure through the institution's annual report for years 2010 to 2019. The approach of content analysis allows the researcher to evaluate, in words, a large amount of textual information in a written document. (Sekaran & Bougie, 2013). Content analysis is the approach used and annual reports are the main sources of information to achieve the research objectives (Ghazali, 2010; Biddle et al. 2009; Kangalouei et al., 2011; Li & Wang, 2010).

Table 3.2 A Summary of Data Analysis Technique Employed

Research Objective	Research Question	Approach	Analysis
<p>RO1:</p> <p>To assess comparative current disclosure levels of waqf among selected SIRC reporting practices based on their relevant statutory requirements and policy disclosures.</p>	<p>RQ1:</p> <p>What are the current disclosures of waqf among SIRC reporting practices based on SIRC reporting requirements?</p>	<p>Qualitative – content analysis</p>	<p>Descriptive analysis</p>
<p>RO2:</p> <p>To evaluate quality disclosure practices of waqf in SIRC reporting based on the international reporting standards and requirements intended for special purpose public entities such as SIRC.</p>	<p>RQ2:</p> <p>Do SIRC reporting requirements provide adequate waqf based disclosure practices information based on international reporting standards to the community?</p>	<p>Qualitative – content analysis</p>	<p>Descriptive analysis</p>
<p>RO3:</p> <p>To determine the impact of current waqf disclosure practices on SIRC institution performance and Waqf resource performance</p> <p>RO3.1:</p> <p>To determine the impact of Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) on SIRC institution performance</p> <p>RO3.2:</p> <p>To determine the impact of Quantitative reporting disclosure index items and Qualitative reporting</p>	<p>RQ3:</p> <p>To what extend waqf reporting disclosure practices impact the SIRC institution performance and Waqf resource performance?</p> <p>RQ3.1:</p> <p>To what extend Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) impact the SIRC institution performance?</p> <p>RQ3.2:</p> <p>To what extend Quantitative reporting disclosure index items and Qualitative reporting</p>	<p>Quantitative - Ratio analysis</p> <p>-Disclosure index</p>	<p>-Regression</p>

Research Objective	Research Question	Approach	Analysis
<p>disclosure index items (WRDI) on Waqf resource performance</p> <p>RO3.3:</p> <p>To determine the impact of Reporting disclosure index with both quantitative and qualitative items (TWRDI) on SIRC institution performance</p> <p>RO3.4:</p> <p>To determine the impact of Reporting disclosure index with both quantitative and qualitative items (TWRDI) on Waqf resource performance</p>	<p>disclosure index items (WRDI) impact the Waqf resource performance?</p> <p>RQ3.3:</p> <p>To what extend Reporting disclosure index with both quantitative and qualitative items (TWRDI) impact the SIRC institution performance?</p> <p>RQ3.4:</p> <p>To what extend Reporting disclosure index with both quantitative and qualitative items (TWRDI) impact the Waqf resource performance?</p>		

3.9 EMPIRICAL MODEL REPORTING QUALITY DISCLOSURE AND PERFORMANCE OF WAQF RESOURCES

In determining the impact of reporting quality disclosure (WRDI) towards the performance of SIRC institution and Waqf resources performance, the general estimation model is developed based on the characteristics of the data used in this study which is panel data models. Model one is to determine the impact of quantitative reporting disclosure index items and qualitative reporting disclosure index items (WRDI) on SIRC institution performance and model two is to determine the impact of quantitative reporting disclosure index items and qualitative reporting disclosure index items (WRDI) on Waqf resource performance. Whereas, in addition to model one and model two, there is model three and model four for robustness analysis. In model three and model four, the index is total quantitative and qualitative items (TWRDI) to get the impact of disclosure item on the index combination. The equation model is illustrated below.

Where:

i =firm, where $i=1,2,\dots,N$

t =year, where $t=1,2,\dots,T$

Y = Ratio of operational performance (performance of SIRC institution i in the year t); Cash availability (CA), Return on investment (ROI) alternately.

β_0 = denotes constants

QUALDISC = denotes qualitative disclosure index (relevance, faithful representation, understandability, comparability and timeliness) firm i in the year t

QUANTDISC = denotes quantitative disclosure index firm i in the year t

SIZE = denotes size waqf collection i in the year t

LIQUID = denotes liquidity of SIRC i in the year t

LEV = denotes leverage of SIRC i in the year t

3.9.2 Model for Waqf Resource Performance

Then, next empirical equation model will be developed to determine the impact of quantitative reporting disclosure index items and qualitative reporting disclosure index items (WRDI) on Waqf resource performance. The equation model is illustrated below:

i) Financial performance as the dependent variable

$$Y = \beta_0 + \beta_1 QUANTDISC_{i,t} + \beta_2 QUALDISC_{i,t} + \beta_3 SIZE_{i,t} + \beta_4 LIQUID_{i,t} + \beta_5 LEV_{i,t} \varepsilon_{i,t} \dots \dots \dots$$

(Model 2a)

Where:

i =firm, where $i=1,2,\dots,N$

t =year, where $t=1,2,\dots,T$

Y = Ratio of financial performance (performance of waqf resources *i* in the year *t*); Equity balance (EB), Revenue concentration (RC), Operating income (OI), Operating margin (OM), Income growth (IG) alternately.

β_0 = denotes constants

QUALDISC = denotes qualitative disclosure index (relevance, faithful representation, understandability, comparability and timeliness) firm *i* in the year *t*

QUANTDISC = denotes quantitative disclosure index firm *i* in the year *t*

SIZE = denotes size waqf collection *i* in the year *t*

LIQUID = denotes liquidity of SIRC *i* in the year *t*

LEV = denotes leverage of SIRC *i* in the year *t*

ii) Operational performance as the dependent variable

$$Y = \beta_0 + \beta_1 QUANTDISC_{i,t} + \beta_2 QUALDISC_{i,t} + \beta_3 SIZE_{i,t} + \beta_4 LIQUID_{i,t} + \beta_5 LEV_{i,t} \varepsilon_{i,t} \dots \dots \dots$$

(Model 2b)

Where:

i=firm, where *i*=1,2,....,N

t=year, where *t*=1,2,....,T

Y = Ratio of operational performance (performance of waqf resources *i* in the year *t*); Cash availability (CA), Return on investment (ROI) alternately.

β_0 = denotes constants

QUALDISC = denotes qualitative disclosure index (relevance, faithful representation, understandability, comparability and timeliness) firm *i* in the year *t*

QUANTDISC = denotes quantitative disclosure index firm *i* in the year *t*

SIZE = denotes size waqf collection *i* in the year *t*

LIQUID = denotes liquidity of SIRC *i* in the year *t*

LEV = denotes leverage of SIRC *i* in the year *t*

Furthermore, next empirical equation model will be developed to determine the impact of Reporting disclosure index with the total of quantitative and qualitative items (TWRDI) on SIRC institution and Waqf resource performance. The equation model is illustrated below.

3.9.3 Model for TWRDI and SIRC Performance

Empirical equation model will be developed to determine the impact of Reporting disclosure index with total quantitative and qualitative items (TWRDI) on SIRC institution performance. The equation model is illustrated below:

i) Financial performance as the dependent variable

$$Y = \beta_0 + \beta_1 TWRDI_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 LIQUID_{i,t} + \beta_4 LEV_{i,t} \varepsilon_{i,t} \dots \dots \dots$$

(Model 3a)

Where:

i =firm, where $i=1,2,\dots,N$

t =year, where $t=1,2,\dots,T$

Y = Ratio of financial performance (performance of SIRC institution i in the year t); Equity balance (EB), Revenue concentration (RC), Operating income (OI), Operating margin (OM), Income growth (IG) alternately.

β_0 = denotes constants

TWRDI = denotes total waqf reporting disclosure (qualitative and quantitative) index firm i in the year t

SIZE = denotes size waqf collection i in the year t

LIQUID = denotes liquidity of SIRC i in the year t

LEV = denotes leverage of SIRC i in the year t

ii) Operational performance as the dependent variable

$$Y = \beta_0 + \beta_1 TWRDI_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 LIQUID_{i,t} + \beta_4 LEV_{i,t} \varepsilon_{i,t} \dots \dots \dots$$

(Model 3b)

Where:

i =firm, where $i=1,2,\dots,N$

t =year, where $t=1,2,\dots,T$

Y = Ratio of operational performance (performance of SIRC institution i in the year t); Cash availability (CA), Return on investment (ROI) alternately.

β_0 = denotes constants

$TWRDI$ = denotes total waqf reporting disclosure (qualitative and quantitative) index firm i in the year t

$SIZE$ = denotes size waqf collection i in the year t

$LIQUID$ = denotes liquidity of SIRC i in the year t

LEV = denotes leverage of SIRC i in the year t

3.9.4 Model for TWRDI and Waqf Resource Performance

Then, next empirical equation model will be developed to determine the impact of Reporting disclosure index with total quantitative and qualitative items (TWRDI) on Waqf resource performance. The equation model is illustrated below:

i) Financial performance as the dependent variable

$$Y = \beta_0 + \beta_1 TWRDI_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 LIQUID_{i,t} + \beta_4 LEV_{i,t} \varepsilon_{i,t} \dots \dots \dots$$

(Model 4a)

Where:

i =firm, where $i=1,2,\dots,N$

t =year, where $t=1,2,\dots,T$

Y	= Ratio of financial performance (performance of waqf resources i in the year t); Equity balance (EB), Revenue concentration (RC), Operating income (OI), Operating margin (OM), Income growth (IG) alternately.
β_0	= denotes constants
TWRDI	= denotes total waqf reporting disclosure (qualitative and quantitative) index firm i in the year t
SIZE	= denotes size waqf collection i in the year t
LIQUID	= denotes liquidity of SIRC i in the year t
LEV	= denotes leverage of SIRC i in the year t

ii) Operational performance as the dependent variable

$$Y = \beta_0 + \beta_1 TWRDI_{i,t} + \beta_2 SIZE_{i,t} + \beta_3 LIQUID_{i,t} + \beta_4 LEV_{i,t} \varepsilon_{i,t} \dots \dots \dots$$

(Model 4b)

Where:

i =firm, where $i=1,2,\dots,N$

t =year, where $t=1,2,\dots,T$

Y	= Ratio of operational performance (performance of waqf resources i in the year t); Cash availability (CA), Return on investment (ROI) alternately.
β_0	= denotes constants
TWRDI	= denotes total waqf reporting disclosure (qualitative and quantitative) index firm i in the year t
SIZE	= denotes size waqf collection i in the year t
LIQUID	= denotes liquidity of SIRC i in the year t
LEV	= denotes leverage of SIRC i in the year t

According to equations models 1a through 4b, this study uses panel data, which are observations made on the same cross section or individual units over a period of time. In total, there are ten models will be developed based on the research framework in figure 2.2. Model 1a and model 1b represent for SIRC institution which is

organizational performance management. The model 1a is representing the impact of reporting quantitative disclosure and qualitative disclosure on financial performance measures. Then the model 1b representing the impact of reporting quantitative disclosure and qualitative disclosures on the operational performance measures of SIRC performance. On each model, the financial performance ratio and operational ratio performance are using same model alternately on each ratio.

Whereas, model 2a and model 2b represent for waqf resources performance. The model 2a is representing the impact of reporting qualitative disclosure and quantitative disclosure on financial performance measures for waqf resources. Then the model 2b representing the impact of reporting qualitative disclosures and quantitative disclosure on the operational performance measures of waqf resources. Furthermore, for model 3a to model 4b, it is representing the impact of total WRDI (qualitative and quantitative disclosure) on SIRC institution performance and waqf resources performance management. The model 3a is representing the impact of total WRDI and financial performance measures for SIRC institution performance. Then the model 3b representing the impact of total WRDI and the operational performance measures of SIRC organizational performance. Whereas, model 4a is representing the impact of total WRDI and financial performance measures for waqf resource. Then the model 4b representing the impact of total WRDI and the operational performance measures of waqf resource.

3.10 METHOD OF ANALYSIS

3.10.1 Panel Data Analysis

Panel data are a set of one or more longitudinally observable variables for each participant of the sample. The variables are observable, change over time across various business units, and are adaptable in representing variations in individual behaviors (Greene, 2012). According to Hsiao (1985), panel data offers significant benefits for econometric estimation, including the ability to identify economic models and distinguish between competing economic hypotheses, minimize data multicollinearity issues, and eliminate or reduce estimate bias. In addition, panel data also provides more

useful information, variability, and reduced collinearity among variables with a higher degree of efficiency and freedom (Hsiao, 2003).

Using panel data analysis has both benefits and drawbacks. Using panel data analysis will enable us to compensate for the individual heterogeneity that can lower the chance of generating biased results (Klevmarken, 1989; Hsiao, 2003; Baltagi, 2005). Panel data can be used to obtain more types of informative data, variability, and degrees of freedom while reducing collinearity between the variables. Panel data is also superior for examining the dynamics of adjustments, particularly when they contain economic information like business investments and financial economics. The advantages and useful results will increase with the length of the data's availability. Panel data is also more effective for determining and evaluating impacts, as well as for testing more complex behavioral models than time series and cross-sectional research. However, panel data research analysis may contain measurement mistakes that lead to inaccurate reporting of responses and other issues.

Besides, panel data can be categorized into two panel which is by micro panels and macro panels data (Baltagi, 2003). Micro panels are panels of data with a large number of cross-sectional units (in the hundreds or thousands) collected within a very short time frame. Macro panels, on the other hand, are panels of cross-sectional units across a long period of time (often more than 20 years). Other than that, panel data can also be balanced panel and unbalanced panel. Balanced panel data refers to cross-sectional units with the same time period whereas unbalanced panel data is a cross-sectional unit with different numbers of observations or within different time spans (Law, 2018; Olalere et al, 2021). However, whether the panel data are balanced or unbalanced, it has been found to be less important since panel data modeling typically allows for both.

3.10.1.1 Static Panel Data Analysis

This study uses a panel data model to build an empirical model and analyze the data. Static panel data analysis explains the situation where the dependent variable is not influenced by itself continuously over time. According to Baltagi (2013), the lag of the dependent variable is not used as an explanatory variable. Static panel data analysis can

be specified by using pooled ordinary least square (POLS) model, random effect model (REM), and fixed effect model (FEM).

3.10.1.1.1 Ordinary Least Square (POLS)

Ordinary least squares were used to estimate the POLS model, and it was assumed that the variance of the variable was homogeneous. The ordinary least square (POLS) method is employed when the data set is expected to be homogeneous. In other words, the POLS model is also known as a population averaged model (Greene, 2012). According to Gujarati (2022), the constant and slope coefficients are the same for all parameters. The fundamental regression framework can be created as follows:

$$Y_{it} = \beta_1 X_{it} + z_i \alpha + u_{it}$$

z_i contains a constant term and a number of observable variables that are distinctive to a given group or individual, such as gender, race, geography, and so on. $z_i \alpha$ represents the heterogeneity or individual effects in the model. An unobserved variable, such as a person's family features or individual skill or preference heterogeneity, is thought to remain constant across time. When z_i contains a constant term in POLS, the ordinary least square method offers a reliable and effective estimation of α and the slope coefficient β (Greene, 2012). In relation to this study, the method assumes that behaviors of financial performance and operational performance for SIRC institution and waqf resources management are similar.

3.10.1.1.2 Fixed Effects

Fixed effect or random effects techniques can be used in the case of heterogeneous data sets. The constant and slope coefficient in a heterogeneous panel data model is different for each individual. The fixed effects technique examines the relationship between the predictor and the dependent or outcome variable within an entity. The entity such as an individual, company or a country where the entity has its own characteristics that may or may not be influential to the predictor variables (Ojalere et al, 2021; Greene, 2012).

Fixed effects require adjustment or need to be controlled because it is assumed that a specific factor within the individual may influence or bias the predictor or outcomes variable. This justifies the assumption that the predictor variable and entity's error term are correlated. In order to obtain the predictor's net effect, the fixed effects eliminate the influence of those time-invariant characteristics from the predictor variable (Olalere et al., 2021). Furthermore, according to Greene (2012), it is assumed that the time-invariant features for the fixed effect model are specific or unique to each individual and uncorrelated with other individual characteristics. Thus, a fixed effect model is inappropriate when the error terms are interrelated. The equation for fixed effect (FE) model can be written as:

$$Y_{it} = \beta_1 X_{it} + \alpha_i + u_{it}$$

Where, Y_{it} is the dependent variable of the entity (i) in the time period (t), X_{it} is the independent or explanatory variable, β_1 is denoted the coefficient of the independent variable, then α_i is the unknown intercept value for each entity, and u_{it} refers to error term. The fixed effects technique aims to study the causes of changes in entities. Time-invariant factors cannot cause such changes because they are fixed for each entity.

3.10.1.1.3 Random Effects

The random effect model also known as random intercepts or partial pooling model (Olalere et al., 2021). Regarding the random effect model, it is expected that variations among entities are random and not connected to the independent variable. The random effect technique is applied if there is any impact of differences between the entities on the dependent variable. The individual effect is characterized as random. Time-invariant variables are allowing to be included in the random effect model, where it is believed that the differences across entities have some influence on the dependent variable. In contrast, the fixed effect model's intercept absorbs these variables. The random effect (RE) model can be written as follows:

$$Y_{it} = \beta X_{it} + \alpha + u_{it} + \varepsilon_{it}$$

Random effects allow time-invariant variables to function as an explanatory variable by assuming that the entity's error term is uncorrelated with the predictors. The random effect model requires specificity for each individual attribute that might or might not have an impact on the independent variables. Generalizing the inference beyond the sample is possible with the use of the random effect model technique (Greene, 2011). It is based on the assumption that fixed effects are uncorrelated with the explanatory variable, an assumption that imposes strict limits on the treatment of panel data (Olaire et al., 2021). In summary, the difference between these two ways in which the model can be tested on panel data is that the fixed effects model assumes that the firms have initial term differences. Whereas, the random effects model assumes that each firm has a different error term.

3.11 MODEL SPECIFICATION TEST

By assuming that each firm's intercept is unique and different from the others and covering each firm's regression for each period of time, regression was utilized to estimate the FEM. Finally, the REM was calculated using generalized least square (GLS), which makes the assumption that the variance of the regressors is not zero.

In order to determine the best model among three types of static panel (POLS, REM, FEM), this study carries out appropriate specification models for better inference. This contains the F-Test (to choose between POLS and FE model), the Breusch-Pagan Lagrange Multiplier Test (BPLM) (to choose between POLS and RE model), and the Hausman test (to choose between FE and RE model).

3.11.1 F-Test

The F-test is used to test whether the POLS or FEM is the best model. This shows that the individual intercept does not differ when assuming that all individual-specific effects are identical or homogenous (POLS) with respect to their alternative, and the individual intercept is different depending on the company (FEM). Thus, the following are the hypothesis stated:

$H_0 = 0$: the best model is Pooled least square

$H_1 \neq 0$: the best model is fixed effect model

Thereby, if the p-value less than 0.05, reject the H_0 . Meaning that each entity has different intercept which indicate that fixed effect is more preferable.

3.11.2 Breusch Pagan Lagrange Multiplier Test

Breusch and Pagan (1980) first introduced the BPLM, which is distributed as chi squared with one degree of freedom. The BPLM test was performed to decide either POLS or REM is the best model to represent the regression result. If the p-value of the BPLM test is less than 0.05, it means that the null hypothesis of the individual or time-specific variance component is zero and is rejected; therefore, REM is preferred over POLS. The hypothesis for this test is as follows:

$H_0 = 0$: the best model is Pooled least square

$H_1 \neq 0$: the best model is Random effect model.

If the BPLM test reject null hypothesis, then it can be concluded that random effect is more preferable or there is a heterogeneity in the data set. Thus, the POLS is no longer valid and it is need to deal with heterogeneity by testing REM and FEM to identify which is more accurate. This analysis is necessary to determine if the REM or the FEM is better suited to reflect the nature of the dataset used in this study.

3.11.3 Hausman Test

The main factor to take into account when deciding between a fixed effect model (FEM) and random effect model (REM) is the correlation between the cross-sectional or individual error components ε_i and X regression. Thus, to choose the most effective model between REM and FEM, the Hausman test, as put forward by Hausman (1978), was used Hausman test employs efficient estimator covariance when it is difference form and inefficient

estimator is zero (Greene, 2012). The Hausman test is used to evaluate if the parameter estimator of generalized least squares with random effect is suitable for explaining the variable effects. The hypothesis for Hausman specification test is as follows:

$H_0 = 0$: the best model is random effect model

$H_1 \neq 0$: the best model is fixed effect model

The null hypothesis should be rejected if the p-value is less than 0.05. This suggests that the fixed effects model should be chosen and that the random effect model is inappropriate.

3.12 DIAGNOSTIC TEST

After obtaining the appropriate model in this study, then various diagnostic test is performed. Multiple diagnostic tests were performed to make sure the panel model is free of issues with multicollinearity, heteroskedacity, or autocorrelations even after the specification test demonstrated that it is the optimal panel model. The Wald test, the Wooldridge test, and the variance inflation factor (VIF) test are each employed in this study to determine whether these issues exist. If any of these issues arise, robust standard errors estimates are carried out as recommended by Hoechle (2007) to address the issues.

3.12.1 Normality Test

Normality testing calculates the skewness and kurtosis of the residuals. Normality testing, using skewness and kurtosis, evaluates whether the data set follows a normal distribution. Skewness measures the asymmetry in the distribution of a series around its mean. The skewness of a symmetric distribution, such as the normal distribution, is zero. Positive skewness means the distribution has a long right tail, while negative skewness indicates the distribution has a long-left tail. In the analysis, if the asymmetry values close to 0 indicate symmetry. The values between -2 and +2 are generally considered acceptable for normality. If the skewness is within the acceptable range, it suggests the data has reasonable symmetry.

Whereas, kurtosis measures the maximum or flatness of the distribution chain. In other words, kurtosis evaluates the "tails" of a distribution. In the analysis testing, if the kurtosis value around 0 means a normal distribution. Values between -7 and +7 are generally considered normal. The normal distribution has moderate kurtosis.

3.12.2 Multicollinearity Test

When two or more independent variables have a linear connection, this is known as multicollinearity. High levels of correlation between independent variables in a regression model are known as multicollinearity, and they can have an impact on how reliable the regression's conclusions are (Gujarati,2022). The Variance Inflation Factor (VIF) in Stata can be used to test for multicollinearity. If mean VIF is more than 10, there is multicollinearity problem. In other words, high multicollinearity is indicated by a high VIF (> 10), whereas low multicollinearity is suggested by a low VIF (Olalere et al,2021).

3.12.3 Heteroscedasticity Test

Heteroscedasticity indicate that the variability of the errors in a regression model is not constant across different levels of the independent variables (Gujarati,2022). Heteroscedasticity can violate one of the assumptions of linear regression and affect the reliability of the model's results. According to Baltagi (2005), variation in these units is inevitable given that panel data pertains to individuals, corporations, states, and countries over time. Heteroscedasticity mostly results in parameter estimates that are linear, consistent, and unbiased but are not efficient. There are some tests to detect heteroscedasticity which is White's test, Modified Wald test and the Breush-Pagan/Cook-Weisberg test. For heteroscedasticity diagnostic check, the null and alternative hypothesis are used (Law, 2018). The hypothesis is; H_0 : Homoskedasticity (or constant variance) and H_A : Heteroscedasticity (variance are not constant). There is heteroscedasticity problem when the p-value is less than 0.05 (reject null hypothesis). Meaning that, the variance is not constant. If this test show unequal variance in the models, White's heteroscedasticity-corrected standard errors are used to overcomes the problem.

3.12.4 Autocorrelation Test

An autocorrelation test is a statistical process that determines if a variable's values at various time periods within a dataset are correlated or not. Autocorrelation is more severe in long time series panel data and regression modeling since it can compromise the reliability of statistical conclusions. Autocorrelation must be properly addressed because it might affect the precision of regression models and result in incorrect results. It is not a problem in micro panel since it is very view for observation (Law,2018). Autocorrelation or serial correlation means that the observation of the error term is correlated, that is the value of the error term from one time period depends on some systematic way on the value of the error term in other periods (Gujarati,2022). To detect the autocorrelation, Wooldridge serial correlation test (Ojalere et al,2021; Law,2018). For autocorrelation or serial correlation diagnostic check, the null and alternative hypothesis are used (Law, 2018). The hypothesis is; H_0 : no serial correlation and H_A : serial correlation. Thus, if the result of p-value is less than 0.05, reject the null hypothesis and conclude that there is autocorrelation problem.

3.13 CHAPTER SUMMARY

These chapter presented the research methodology designed to test the hypothesis and answered the research question proposed. In summary, this research adopts the positivist position, emphasizes on deductive approach and combined studies achieved by the use of mixed methods in the research design which aims to prove the hypothesized effect among underlying constructs that derived from the existing theories, archival and documentary research strategy will be used in conducting this research. Then, for the methodological choice, this study adopted mixed method research design which is sequential exploratory research design (qualitative followed by quantitative). This chapter highlights the instrument index development and measurement for independent variable (reporting quality disclosure), dependent variable (performance of waqf resources) and control variable (size, liquidity, leverage, efficiency and age) employed. Using content analysis approach by observed the annual reports of fourteen SIRC's state institutions that manage waqf the objective findings could be achieved to explain the effect of reporting quality disclosure on SIRC performance and waqf resources. Based

on the research methodology described above, the result is expected to be precise and valid. The result will be analyzed through qualitative and quantitative approaches. The analysis of the result will be discussed in the next chapter. In the next chapter, the findings and the analysis data results will be presented



CHAPTER FOUR

ANALYSIS AND DISCUSSION OF RESULT

4.1 INTRODUCTION

This chapter presents the results of the regressions from estimation model developed in chapter 3. The analyses performed on data collected using static panel data analysis. The first section focuses on the presentation of result and discussion of the study based on the objective of the study. This chapter discusses the results of each of the research objectives. The next section explains the regression results from the econometric model. Then, end with summarizes this chapter.

4.2 RESULT AND DISCUSSION: QUANTITATIVE DISCLOSURE LEVEL (RQ 1)

With reference to the research question one, the objective of the study (RO1) to assess comparative current disclosure levels of waqf among selected SIRC's reporting practices based on their relevant statutory requirements and policy disclosures. This section classifies the assessment of waqf disclosure practices among seven selected SIRC institutions into several categories of disclosure items. The disclosure item or indicator consist of corporate information (CI), strategic information (SI), financial performance information (FPI), financial statements information (FSI) and nonfinancial performance information (NFP). Each of these waqf disclosure components has a unique set of items that serve as indicators. The main focus of this study is on each waqf disclosure aspect, which is how the data are presented in these institutions.

Item for corporate information (CI) disclosure consist of establishment and operation, purpose and objectives, structure of organization, board of directors, ethical operational policies, personnel, personnel development and governance disclosure. The sample of SIRC Institution run for 10 years period covering 2010 to 2019 (unbalanced data). Thus, the highest score for each item for CI disclosure indicators is 10 which is represent for 10 years disclosure information. Same goes with other quantitative

disclosure elements. For instance, MAIDAM got 3 score and MAIWIP got 10 score on establishment and operation element meaning that, MAIDAM only disclosure the element for 3 years period. Whereas, MAIWIP has disclosure the information for 10 years period in their annual report. According to the result on Table 4.1, MAIWIP is in leading position in corporate information indicators with 80 items disclose, followed by MAIPk with 70 items and the least is MAIK with 18 items score. MAIK become the least score because starting in 2017, there is no annual report and will be published every 2 years starting in 2020. Thus, only financial statements will be issued and assess. Same goes with MAINPP, there is only financial statements disclosure item being assessed. From these eight corporate information elements, all SIRC are disclosed for ethical operational policies.

Table 4.1 Corporate Information

Element	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
Establishment and Operation	3	0	4	5	10	10	10
Purpose and objectives	3	0	4	5	10	10	10
Structure of organisation	3	0	4	5	3	10	10
Board of directors	3	0	4	5	10	10	10
Ethical operational policies	3	10	2	5	10	10	10
Personnel	3	10	0	5	2	10	10
Personnel development	3	0	0	5	0	0	10
Governance disclosure	0	0	0	0	0	10	10
TOTAL	21	20	18	35	45	70	80

Table 4.2 show the strategic information disclosure item indicator result of analysis. Strategic information items for this study are as follows: chairman report, performance and achievement, summary facts and figures, government borrowing/grant/guarantee, forward-looking disclosure, and statistics. Based on the result analysis, MAIPk is leading with 97% (58 items) disclosure, followed by MAIWIP 77% (46 items) and the least is MAINPP 0% (0 item) disclosure. MAINPP become the least disclosure since the assessment only on financial statements elements but there is some item on non-financial disclosure are exist in their financial statements. Overall, it can be said that, from these six strategic information items indicators, all SIRC except for MAINPP have disclose chairman report, performance and achievement, summary facts and figures, and statistics.

Table 4.2 Strategic Information Disclosure

Element	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
Chairman report	3	0	4	5	10	10	10
Performance and achievement	3	0	4	2	8	10	10
Summary facts and figures	3	0	4	5	1	10	10
Government borrowing/grant/guarantee	0	0	0	2	0	10	0
Forward-looking disclosure	0	0	0	1	1	8	6
Statistics	3	0	4	5	4	10	10
TOTAL	12	0	16	20	24	58	46

Furthermore, element for measuring financial performance information items disclosure listed for this study consist of financial review, investment, actual to budget comparison, financial performance ratios, administration to total expenses, program expenses/total expenses, net rental income and expenses/rental income, investment

income/average investment, and expenditure by activities/income by activities. From these nine financial performance information items, all SIRC have disclose financial review and investment item indicators with 22% (20 items) score for MAIDAM, MAINPP, MAIS, MAIPk and MAIWIP. Whereas, MAIK and MAIM got 16% (14 items) and 11% (10 items) respectively.

Table 4.3 Financial Performance Information

Element	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
Financial review	10	10	7	5	10	10	10
Investment	10	10	7	5	10	10	10
Actual to budget comparison	0	0	0	0	0	0	0
Financial performance ratios	0	0	0	0	0	0	0
Administration to total expenses	0	0	0	0	0	0	0
Program expenses/total expenses	0	0	0	0	0	0	0
Net rental income and Expenses/rental income	0	0	0	0	0	0	0
Investment income/average investment	0	0	0	0	0	0	0
Expenditure by Activities/income by activities	0	0	0	0	0	0	0
TOTAL	20	20	14	10	20	20	20

Further, waqf disclosure for financial statements information indicator. Financial statements information indicator is divided by three information statements which statement of financial position (SOFP), statement of comprehensive income (SOCI) and other financial statements in Table 4.4, Table 4.5 and Table 4.6 respectively. The following items are listed for this study's waqf disclosure for financial statement information (SOFP): total non-current assets at cost, long-term investments,

long-term debtors, current assets, current liabilities, long-term liabilities, deferred liabilities, deferred credits from government grants, and reserves. Based on these nine financial statement information (SOFP) indicators, MAIS have disclosed for all items indicator with 93% (84 items) score. All SIRC in Malaysia are required to prepared financial statement in yearly basis. Thus, it can be concluded that waqf disclosure for financial statement information (SOFP) practices by all SIRC is in high level. This occurs as a result of the yearly external audit processes and preparation of such financial statements.

Table 4.4 Financial Statement Information (SOFP)

Element	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
Total non-current assets at cost	10	10	7	5	10	10	10
Long-term investments	10	10	7	5	10	10	10
Long term debtors	10	0	0	0	4	0	4
Current assets	10	10	7	5	10	10	10
Current liabilities	10	10	7	5	10	10	10
Long-term liabilities	0	10	0	5	10	10	9
Deferred liabilities	0	10	0	5	10	3	9
Deferred credits from government grants	0	0	0	0	10	0	0
Reserves	10	10	7	5	10	10	10
TOTAL	60	70	35	35	84	63	72

Next, the financial statement information (SOFI) disclosure items. It is measured 12 item indicator which is revenue by source of funds, revenue by services rendered, other incoming revenue, total revenue, expenditure by services, expenditure by functions, administration and governance costs, total expenditure, other recognized gains/losses, surplus/deficit, total fund brought forward (bf), and total fund carried forward (c/f). Based on the Table 4.5, MAIDAM and MAINPP got the higher result which is 100% (120 items), followed by MAIWIP 67% (80 items), MAIK and MAIPk with 77 item score. From these 12 items disclosure, all SIRC are disclosed for total revenue, total expenditure, and surplus/deficit items. Overall, it can be concluded that

all SIRC waqf disclosure for financial statement disclosure (SOCi) practices is in high level.

Table 4.5 Financial Statement Disclosure (SOCi)

Element	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
Revenue by a source of funds	10	10	7	5	10	10	0
Revenue by services/activities rendered	10	10	0	0	0	0	10
Other incoming revenue	10	10	7	0	10	10	10
Total revenue	10	10	7	5	10	10	10
Expenditure by services/activities	10	10	7	0	0	10	10
Expenditure by functions	10	10	7	5	10	10	0
Administration and governance costs	10	10	7	0	0	7	10
Total expenditure	10	10	7	5	10	10	10
Other recognised gains/losses	10	10	7	0	0	0	10
Surplus/deficit	10	10	7	5	10	10	10
The total fund brought forward (bf)	10	10	7	0	0	0	0
Total fund carried forward (c/f)	10	10	7	5	0	0	0
TOTAL	120	120	77	30	60	77	80

Table 4.6 below show the result for waqf disclosure indicator for financial statement information (other financial statements). The items listed for this study consist of statement of assets and liabilities, statement of cash flows, notes to the accounts, audit certificate, auditor index rating, SOCi for waqf and SOFP for waqf. From these seven indicators, all SIRC institutions are disclosed for all first five financial statement information (other financial statements) items. However, the SOCi for waqf

and SOFP for waqf item measured only disclosed by MAIDAM, MAINPP and MAIS. Whereas, MAIK and MAIPk only disclose on SOCI for waqf item.

Table 4.6 Financial Statement Information (Other Financial Statements).

Element	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
Statement of assets and liabilities	10	10	7	5	10	10	10
Statement of cash flows	10	10	7	5	10	10	10
Notes to the accounts	10	10	7	4	10	10	10
Audit certificate	10	10	7	5	10	10	10
Auditor index rating	10	10	7	5	10	10	10
SOCI for waqf (I/S)	10	5	7	0	10	1	0
SOFP for waqf (B/S)	10	3	0	0	6	0	0
TOTAL	70	58	42	24	66	51	50

Next, proceed to last waqf disclosure indicator which is non-financial performance information. The items listed consist of performance target and objectives, input, output, outcome, efficiency, effectiveness, productivity measures, and customer satisfaction measures. Based on the analysis Table 4.7 below, most of the SIRC disclosed for input, output and outcome items. MAIDAM, MAIPk, and MAIWIP are leading for waqf disclosure with 30 item score, followed by MAIM and MAIK with 15 score and 12 score item respectively. Whereas, MAINPP and MAIS score zero. Thus, it can be concluded that waqf disclosure practice for non-financial performance item indicator is still in weak level for all SIRC institution.

Table 4.7 Non - Financial Performance Information

Element	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
Performance target and objectives	0	0	0	0	0	0	0
Input	10	0	4	5	0	10	10
Output	10	0	4	5	0	10	10
Outcome	10	0	4	5	0	10	10

Element	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
Efficiency	0	0	0	0	0	0	0
Effectiveness	0	0	0	0	0	0	0
Productivity measures	0	0	0	0	0	0	0
Customer satisfaction measures	0	0	0	0	0	0	0
TOTAL	30	0	12	15	0	30	30

Figure 4.1 presents an overview of the financial and non-financial waqf disclosure practices index for this study. Based on the analysis, financial statement information disclosure element (SOCI, SOFP and OFS) was the highest disclosure practice by SIRC institutions, followed by corporate information, then by strategic information, next by financial performance information and finally by non-financial performance information. The ranking was seen by refers to the most 50 percent of the item are disclosed.

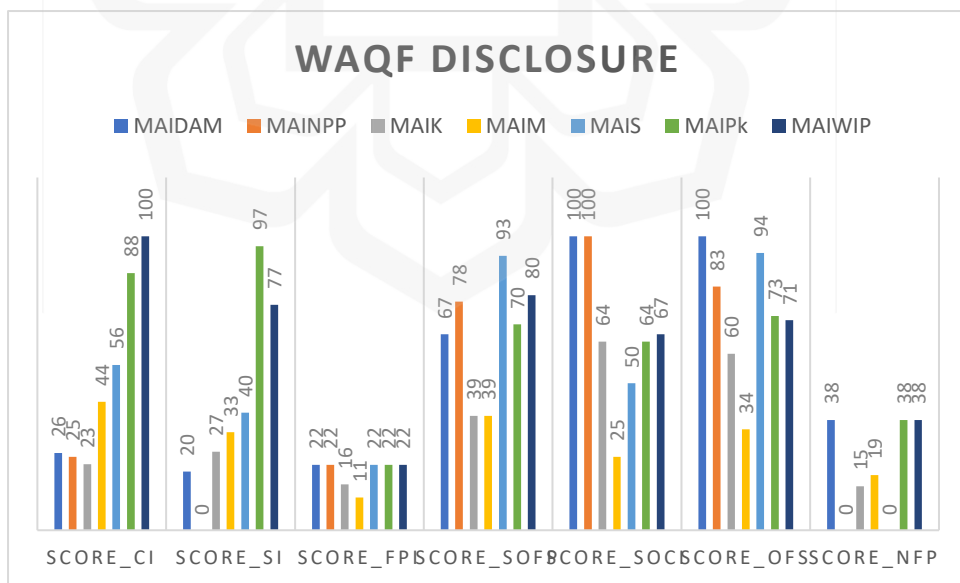


Figure 4.1 Waqf Reporting Disclosure Index (WRDI) Summary

Figure 4.2 below represent the SIRC- waqf disclosure practices for 10 years starting on year 2010 to 2019. The SIRC Institution was rank based on total percentage score for disclosure on 10 years annual report and financial statements. Total score for each item disclosure indicator is 590 (59 item x 10 years). In overall, MAIWIP is leading in waqf disclosure with 64% (378 out of 590) disclosure practices. This followed closely by MAIPk with 63% scores (369 out of 590 items), MAIDAM with 56 % (333 items) score, MAIS with 51% (299 items), next by MAIK with 36% (214 item) score and finally by MAIM which scored 29% (169 items). Additionally, most of the SIRC institutions have disclose more than 50 percent of the item indicator which is regarded as good practice, except for MAINPP, MAIK and MAIM. It is occurred due to missing publish annual report on some year and some of them did not prepare the annual report. It is unavoidable that these institutions will need to enhance their waqf disclosure practice in the future Thus, to make it fairly comparable between the SIRC Institution, figure 4.3 below represent the waqf disclosure practice which portray 5 years disclosure practice starting on year 2015 to 2019.

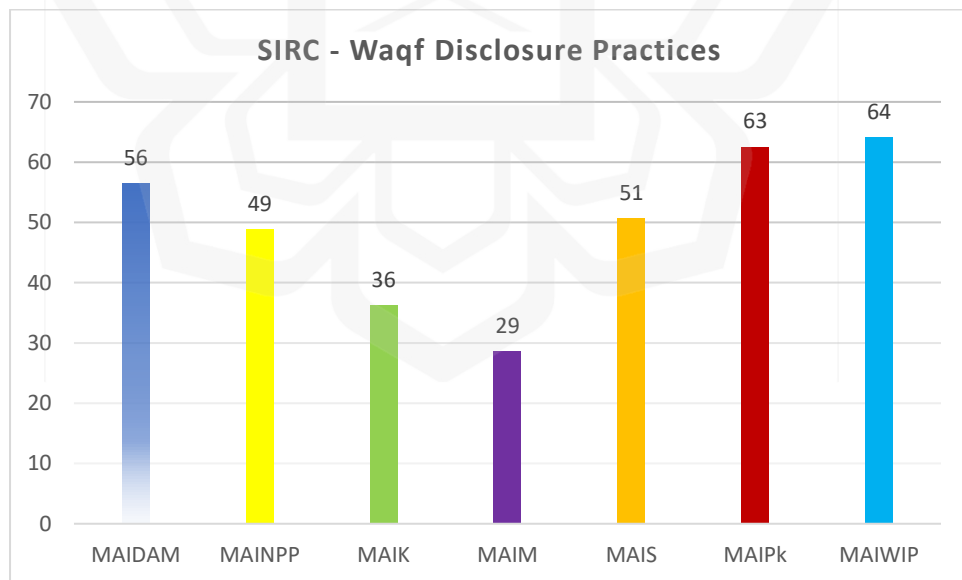


Figure 4.2 SIRC - Waqf Quantitative Disclosure Practices for 10 Years

Figure 4.3 below represent the SIRC- waqf disclosure practices for five period starting year 2015 to 2019. With 194 out of 295 waqf disclosure practices, or 66 percent, MAIWIP is dominating the field overall. This was closely followed by MAIPk, which

scored 64% (189 out of 295 items), MAIDAM, which scored 62% (183 items), MAIM, which scored 57% (169 items), MAIS, which scored 53% (156 items), and MAINPP, which scored 50% (148 items). The least score is MAIK with 48% of disclosure practice.

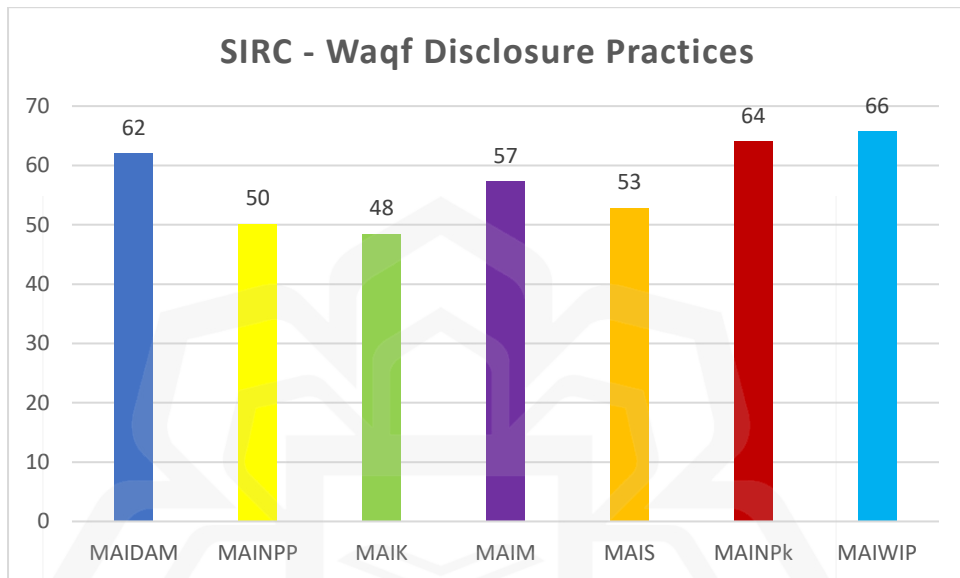


Figure 4.3 SIRC - Waqf Quantitative Disclosure Practices for 5 Years

This study examines SIRC institutions waqf disclosure index, which includes both financial and non - financial characteristics. Based on the finding of this study, most SIRC institution having good disclosure practices. However, there are still need some improvement in their reporting practices either on financial or nonfinancial information elements. Most of the SIRC institution more focus on disclosed the financial statements information part which is the higher score among the other elements. However, there is need improvement to make it comparable between the SIRC institution.

It is crucial for SIRC institutions to have sound waqf disclosure practices because they deal with a variety of stakeholders and are held accountable by both internal groups like the board, staff, waqif and beneficiaries as well as external groups like the government, media, communities, and the general public as a whole. Disclosure will ultimately improve the confidence of stakeholders and enhance the legitimacy of

SIRCs in terms of social acceptance. Disclosure not only increases transparency but it will encourage future contribution by donor. Disclosure of information is necessary for all organizations to provide information and be accountable to their stakeholders, in which stakeholders will then assess the organizations' efficacy and performance. Thus, it is indirectly will increase the goodwill of SIRC institution in Malaysia.

4.3 RESULT AND DISCUSSION: QUALITATIVE DISCLOSURE PRACTICE (RQ 2)

To answer the research question two, the objective of the study (RO2) to evaluate quality disclosure practices of waqf in SIRCs reporting based on the international reporting standards and requirements intended for special purpose public entities such as SIRCs. This section classifies the assessment of qualitative waqf disclosure practices among seven selected SIRC institutions into several categories of qualitative characteristic items.

Qualitative disclosure index consists of fundamental and enhances characteristic. Fundamental characteristic consists of relevance and faithful representation while enhancing characteristics consist of understandability, comparability and timeliness. This qualitative index aims to contribute to assessing the different dimensions of reporting information disclosure in a comprehensive manner, using financial and nonfinancial (NFS) item disclosures in firms' financial reports and the annual report. For instance, for relevance characteristic, the item denoted as R1 for item under financial statement disclosure and denoted as NFS_R1 as item on non-financial disclosure.

Relevance

Table 4.8 shows that relevance, as a fundamental characteristic, was operationalised using five underneath characteristics, denoted as R1, NFS_R1, NFS_R2. The result shows that all the underneath attributes show a mean value that is higher than 2.5. However, the presence of financial disclosure with waqf disclosure (R1), has the highest

mean of 2.95; followed by the presence of forward-looking information (NFS_R1) with mean score 2.9.

Table 4.8 Factors underneath the Qualitative Characteristics: Relevance

No.	Statements	Scale	Mean	Std. Dev.	Min	Max
R1	To what extent does the present financial disclosure items include waqf disclosures which assist in attracting potential waqf funds in SIRC's?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	2.95	1.078	2	5
NFS_R1	To what extent is the financial statement forward-looking (forecast) to enable users to form expectations as well as predictions concerning the future of the SIRC?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	2.88	1.152	1	5
NFS_R2	To what extent the level of disclosures of non-financial information complements financial information in terms of potential funding opportunities?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	2.57	1.063	1	5
Mean Average			2.8			

Faithful Representation

The result in table 4.9 shows that all the underneath attributes show a mean value that is higher than 2.5, on a five point scale. However, the CSR disclosure event report (NFS_F1), has the highest mean of 4.9; followed by F3 and NFS_F2, with the mean value of 4.6 and 3.5 respectively. Whereas the least mean score is the item statement of

reporting assumptions and estimates with mean 2.5. The mean average for faithful representation is 3.7. This value is higher than the findings of Mbobbo et.al., (2016); and Tasios and Bekiaris (2012) record a mean average of 3.4 and 2.91 respectively for faithful representation.

Table 4.9 Factors underneath the Qualitative Characteristics: Faithful Representation

No.	Statements	Scale	Mean	Std. Dev.	Min	Max
F1	To what extent do existing reporting assumptions and estimates provide valid basis for accounting policies of waqf reporting?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	2.581	0.588	2	3
F2	To what extent is the SIRC accounting policy choice is based on established accounting principles and standards ?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	2.597	0.613	2	4
F3	Which type of audit opinion is usually expressed in the financial statements?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	4.644	0.58	3	5
NFS_F1	To what extent does the SIRC, highlight CSR disclosure events?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	4.905	0.617	1	5
NFS_F2	To what extent does the SIRC provides information on State Governance Council (SGC)affairs?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	3.548	0.633	3	5
Mean Average			3.66			

Understandability

The result in Table 4.10 indicates that all the underneath attributes record a mean value that is higher than 2.5, on a five point scale. The highest mean score is 4.45 which is (NFS_U1) the annual report presented in a well-organized manner. This is followed by notes in the statement of financial position and statement of comprehensive income sufficiently clear (U2), the financial statements effectively presented in a user friendly (U1) and disclosure of graphs and tables enhance the presented narrative information (NFS-U2) with a mean score of 3.6, 3.0 and 2.6 respectively. The overall mean average for understandability is 4.57. This value is higher than the findings of Mbobo et.al., (2016); and Tasios and Bekiaris (2012) record a mean average of 3.0 and 3.14 respectively.

Table 4.10 Factors Underneath the Qualitative Characteristics: Understandability

No.	Statements	Scale	Mean	Std. Dev.	Min	Max
U1	To what extent are the financial statements effectively presented in a user friendly?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	3.097	1.155	2	5
U2	To what extent are the notes in the statement of financial position and statement of comprehensive income sufficiently clear (succinct)?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	3.613	0.583	1	4
NFS_U1	To what extent is the annual report presented in a well-organized manner according to established reporting standards?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	4.452	0.55	3	5

No.	Statements	Scale	Mean	Std. Dev.	Min	Max
NFS_U2	To what extent does the disclosure of graphs and tables enhance the presented narrative information?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	2.643	0.485	2	3
Mean Average			4.57			

Comparability

The result in Table 4.11 shows the result for comparability characteristic item. The Waqf information in the annual report comparable to the information provided by other SIRC's (NFS_C2) has the highest mean of 3.8, followed by the presence of information which explains the implications of the changes in accounting policies (C1) with mean score 2.9, and the least mean is (NFS_C1) present and disclose a comparative waqf collection and distribution information. Whereas the overall mean average is 2.66. This value is lower than the findings of Mboobo et.al., (2016); and Tasios and Bekiaris (2012), with a mean average score 3.0 and 2.85 for Comparability.

Table 4.11 Factors Underneath the Qualitative Characteristics: Comparability

No.	Statements	Scale	Mean	Std. Dev.	Min	Max
C1	To what extent did the SIRC adjust the previous accounting period's figure (balance), due to the implementation of a change in accounting policy or revisions in accounting estimates? Only for transition period year before and after*	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	2.933	0.594	1	4

No.	Statements	Scale	Mean	Std. Dev.	Min	Max
NFS_C1	To what extent does the SIRC present and disclose a comparative waqf collection and distribution information in for the reporting period and previous periods?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	1.238	0.692	1	4
NFS_C2	To what extent is the Waqf information in the annual report comparable to the information provided by other SIRC's?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	3.806	1.006	2	5
Mean Average			2.66			

Timeliness

Timeliness as an enhancing characteristic in the measurement of the qualitative disclosure of financial and non-financial reporting was operationalised in terms of how long a period does it take for the auditor to sign the auditors' report after the financial year end. The result in Table 4.12 shows a mean score of 3.4. This value is higher than the findings of Mbobo et.al., (2016); and Tasios and Bekiaris (2012) record a mean average of 2.9 and 3.29 respectively for timeliness characteristics.

Table 4.12 Factors Underneath the Qualitative Characteristics: Timeliness

No.	Statements	Scale	Mean	Std. Dev.	Min	Max
T1	How long a period does it take for the auditor to sign the auditors' report after the financial year end?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	3.407	1.069	1	5
Mean Average			3.4			

Based on the findings, qualitative reporting disclosure (financial and non-financial statements) can be improved by focusing on qualitative characteristics which is relevance, faithful representation, comparability, understandability, and timeliness. According to the analysis, understandability having potentials of enhancing the quality reporting with an average mean score of 4.6, followed by faithful representation and relevance with average mean score 3.7, and 2.8 respectively. Whereas comparability and timeliness record the average mean score 2.7.

Whereas, the highest underneath attributes are the highlighted CSR disclosure events records the highest mean of 4.9, followed by the type of audit opinion or auditor's report with a mean score of 4.6. The presence of annual report presentation in user friendly, annual report information comparable to others SIRC's, notes to the account in financial statements are sufficient and clear, as well as information which explains the information on State Governance Council (SGC) affairs also enhance the quality of reporting to a great extent. These statements record a mean score of 4.4,3.8,3.6 and 3.5 respectively. The presentation of information explaining the effects implementation of accounting policy changes record mean score of 2.93, suggesting that this feature significantly improves the financial report's comparability and, consequently, its quality. The quality of reporting can be significantly improved by non-financial factors (NFS) such timeliness of financial reporting, forwards-looking statements, clarity of the content, use of graphs and tables.

4.3.1 SIRC Qualitative Disclosure Result

This section classifies the assessment of qualitative waqf disclosure practices among seven selected SIRC institutions into several categories of qualitative characteristic items. The objective of this study was to evaluate quality disclosure practices of waqf in SIRC's reporting based on the international reporting standards and requirements. Thus, this study demonstrates how the qualitative characteristics could be operationalised in the measurement of the quality of financial and non-financial reporting (NFS).

There are consisting of 16 item indexes to measure both the fundamental and enhancing qualitative characteristics of financial reporting and non-financial. Based on the 'benchmark' ranking, the characteristics were scored, ranging from poor (1) to excellent (5). Total score for all item index is 80 score (16 item indicator X 5 mark) for one years. There is seven SIRC will be access for ten years. Thus, total score for ten years is 800 score. To achieve this objective a content analysis study was undertaken to assess and evaluate the quality reporting practice to which the underneath attributes of the various qualitative characteristics enhance the quality of financial reporting. These underneath attributes form the basis of operationalising the qualitative characteristics in financial reporting, as defined by the IASB in its conceptual framework.

Relevance

Information is considered relevant if it can help users assess, validate, and make corrections to their assessments of past, present, or future occurrences. Users' judgments may be affected by pertinent information, especially if it has confirmatory value which is the feedback regarding revisions or confirmations from prior evaluations, predictive value (input to forecast future outcomes), or both. There is a relationship between confirmatory and predictive values (Masruki et al., 2018). Both the financial and non-financial information should be included in a relevant financial report. Such data ought to be able to shed light on the company's potential future prospects, risks, and business possibilities (Mbobo, 2016). According to Alfredson et al. (2007), information becomes relevant when it is made available to users before it becomes unstable enough to affect their decision-making (Al-Dmour et al., 2018). Numerous earlier studies emphasized the significance of up-to-date financial reporting information and its impact on users' decisions, enhancing their capacity and creativity in the process.

Figure 4.4 presents an overview of the financial and non-financial qualitative disclosure practices index for this study. There are three item indicators under relevance component with total score is 150 (3 item x 5 scores x 10 years). Based on the analysis, under relevance component of the qualitative reporting practice among SIRC institution, MAIWIP get higher score (92 score out of 150 score), followed by MAIPk

with 80 score, next by MAIDAM (74 score), MAIS (66 score), MAIK (42 score), MAIM (30 score) and the least by MAINPP with 28 score.

Next, under faithful representation component, MAIWIP leading the qualitative disclosure practice by 189 score. Then followed closely by MAIPk and MAIS with 185 and 184 score respectively. The least score is by MAIM with 76 score out of 250 score. Faithful representation, a key qualitative characteristic in financial reporting, emphasizes accurate and unbiased representation of information (IASB, 2006,). To achieve this, annual reports must ensure completeness, accuracy, neutrality, and freedom from bias and errors in presenting economic phenomena (IASB, 2006).

Then, based on the result for understandability component of qualitative disclosure practice index, SIRC institution which is MAIWIP MAIPk, MAIS and MAIDAM leading the qualitative disclosure score by 142, 138, 130 and 114 score respectively out of 200 scores. Understandability, the third key qualitative aspect in financial reporting, involves presenting financial information in a way that is clear and concise. This means organizing, characterizing, and categorizing data to enhance clarity. As per the International Accounting Standards Board (IASB, 2008), the goal is to enable users and capital providers to easily grasp the meaning of the information. As highlighted by IASB (2008), it is emphasizes that understandability ensures transparency and clarity in financial information.

Comparability is a crucial quality in financial reporting. This component making it easy for users to compare similar situations presented in financial reports. The clue is to ensure that when users look at financial information, they can identify both similarities and differences between different economic events or transactions. For instance, when the user is comparing two sets of data, comparability helps to understand how similar or different they are. To achieve comparability, the institution needs to provide consistent information. In other words, by using the same accounting policies and procedures over time within an institution or even across different institution in a specific period. Thus, by standardizing the presentation of financial and non financial data, which will increase user understandability and comparability.

Based on the Figure 4.4 below, the comparability component of qualitative disclosure practice gets slightly close score among SIRC institution. Meaning that, most of the SIRC institution are comparable in term of the presentation disclosure practice since most of them are using same standards. However, there are some differences among them. MAIS leading the highest score with 63 score out of 150 score. Followed by MAIDAM and MAIWIP with 55 score each. Then next by MAINPP (47 score), MAIK (46 score), MAIPk (42 score) and MAIM with 24 score.

The last qualitative characteristic component for qualitative disclosure practice is timeliness. Timeliness is the final key quality in financial reporting which is by providing information to decision-makers at the right moment. The International Accounting Standards Board (IASB, 2010) states that the goal is to ensure that information is accessible before it becomes less useful for making choices. In other words, timeliness is crucial for financial reports to be useful in decision-making. It focuses on how quickly information is disclosed in annual reports, often measured by the time it takes for auditors to finalize accounts after the book-year ends. Basically, it's about getting the right information to the right people at the right time. There is one item or question under timeliness component with 50 total score (1 item x 5 score x 10 years). According to the result, MAIWIP leading the score with 45 score marks. Then followed by MAINPP, MAIDAM, MAIS, MAIPk, MAIK and MAIM with 37, 31, 31, 30, 21 and 18 score respectively.

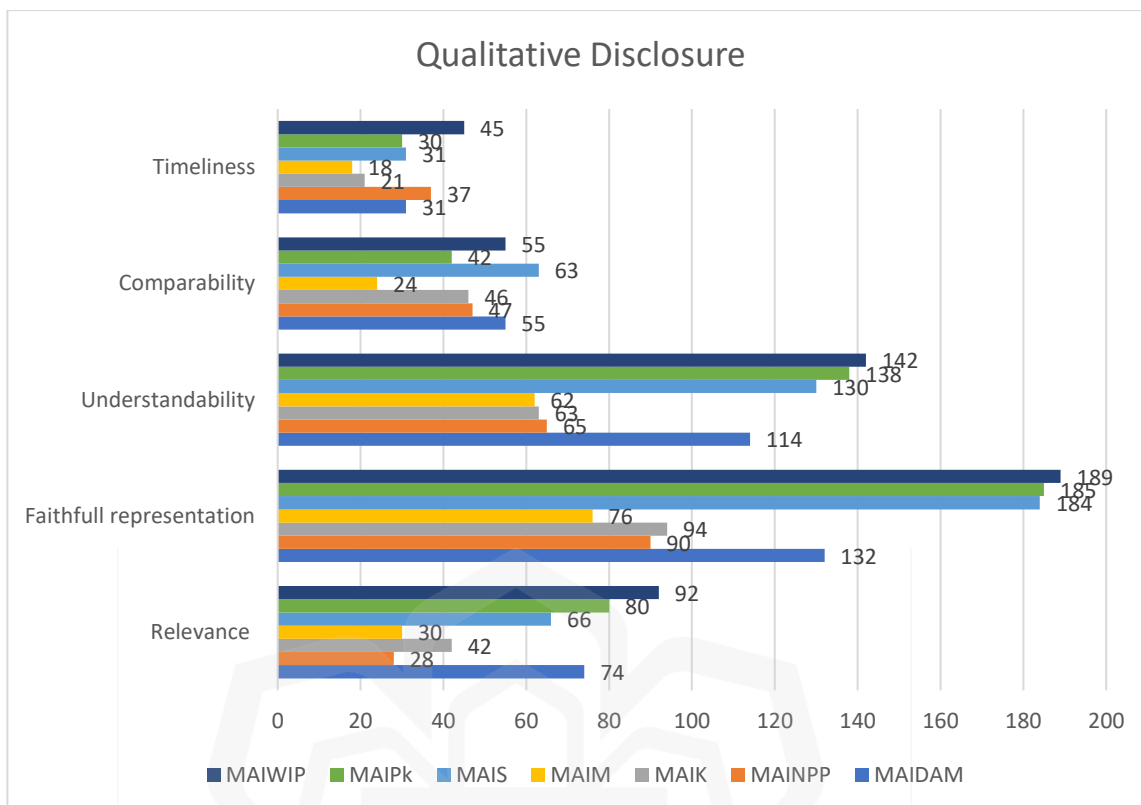


Figure 4.4 SIRC Qualitative Characteristic Disclosure Score Results

Figure 4.5 below represent the SIRC qualitative reporting disclosure practices scores for 10 years period which starting on year 2010 to 2019. There are consisting of 16 item indexes to measure both the fundamental and enhancing qualitative characteristics of financial reporting and non-financial. Based on the 'benchmark' ranking, the 16 item were scored, ranging from poor (1) to excellent (5). Thus, the total score for 10 years of reporting disclosure practice is 800 (16 item x 5 score x 10 years).

In overall, MAIWIP is leading in qualitative reporting disclosure with 523 score. Then followed by MAIPk with 475 scores, followed closely by MAIS with 474 scores, next by MAIDAM with 406 score, MAINPP with 267 score, MAIK with 266 scores and finally by MAIM which scored 210. Additionally, most of the SIRC institutions got scores more than 50 percent (more than 400 scores) of the item indicator which is regarded as good quality reporting practice, except for MAINPP, MAIK and MAIM. It is occurred due to missing publish annual report on some year and some of them did not prepare the annual report. Thus, only financial information part is able to access and

be evaluate. It is unavoidable that these institutions will need to enhance their quality reporting information disclosure practice in the future.

However, to make it fairly comparable between the SIRC Institution, figure 4.6 below represent the qualitative disclosure practice which portray 5 years disclosure practice starting on year 2015 to 2019. Based on figure 4.6 below, with a 267 score, MAIWIP leads the field in qualitative reporting disclosure overall. Next came MAIS with 255 scores, then MAIPk with 247 points, then MAIDAM with 246 points, MAIM with 210 points, MAIK with 266 points, and lastly MAINPP with 152 points. There is not much difference in their ranking score except for MAIM and MAINPP. Even though MAIM did not have completed annual report for 10 years of assessment, it shows that their ranking score has been in good quality reporting practice for 5 years (2015 to 2019).

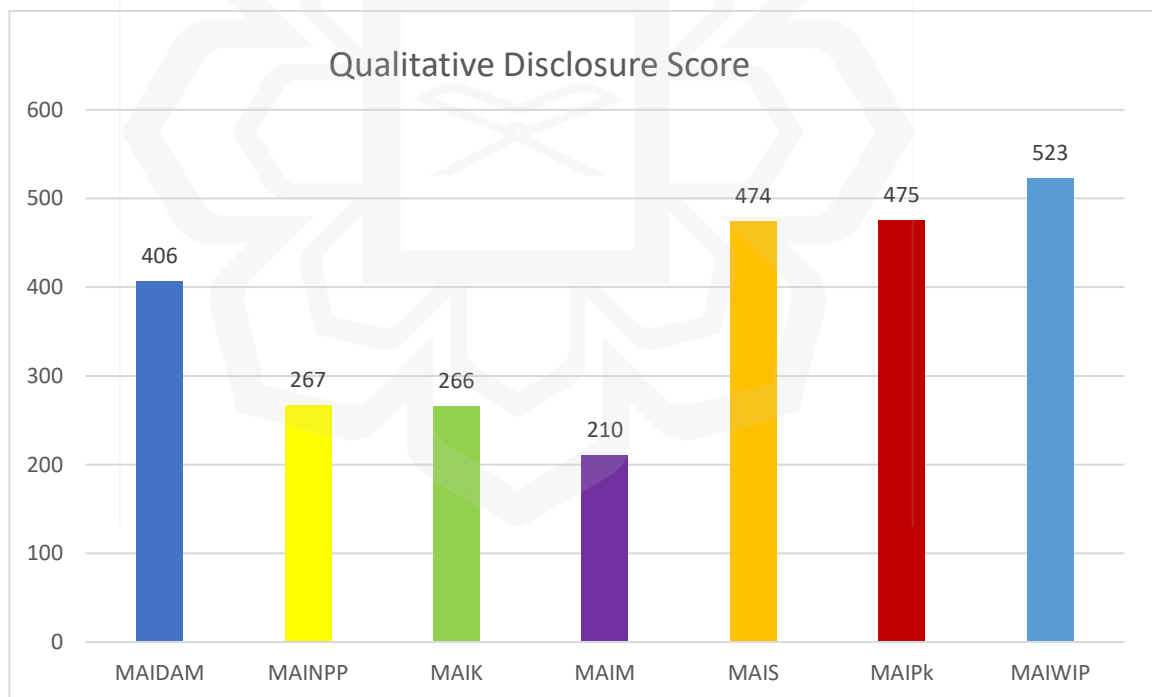


Figure 4.5 SIRC Qualitative Disclosure Score Results for 10 Years

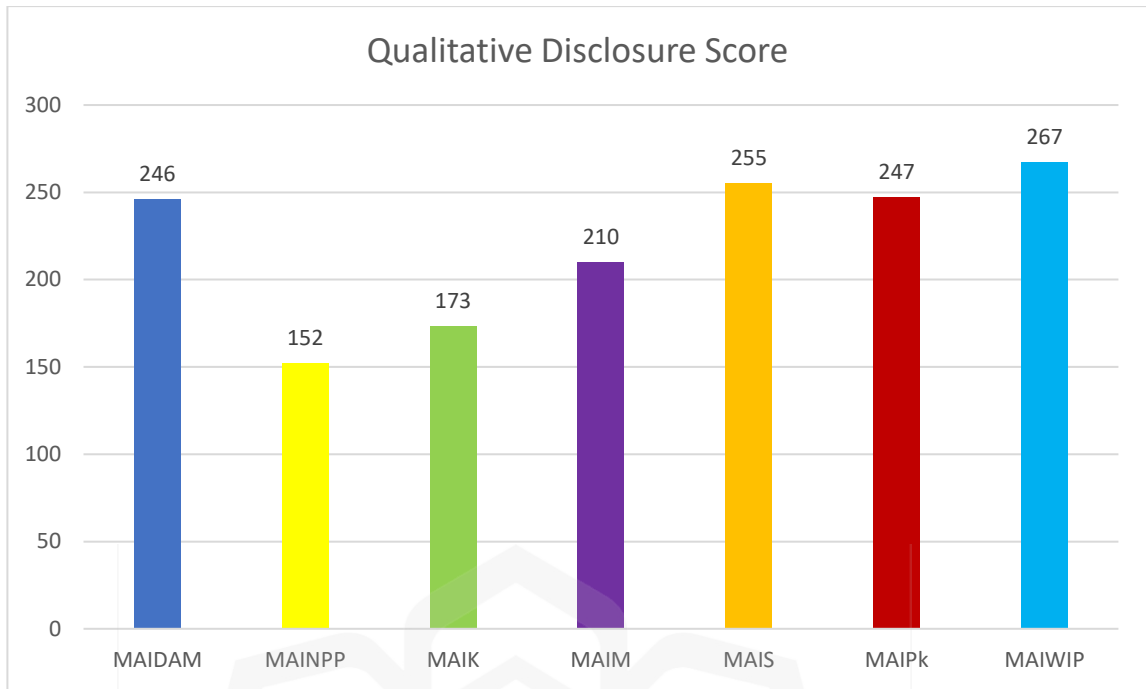


Figure 4.6 SIRC Qualitative Disclosure Score Results for 5 Years

The qualitative disclosure reporting score depicts how far the information disclosed to the user or stakeholder is useful for making decisions as well as how reliable the information is to enhance donor or stakeholder trust. If SIRC disclosure quality reporting information for the user's, it is depicting the accountability of the institution. Thus, it will increase stakeholder and donor trust since there is no information missing or hidden to them.

For financial and non-financial information to be useful, it must have specific attributes. It ought to depict what it purports to depict. Consider it as the foundation (fundamental characteristics) of the information and additional improvements (enhancing features) that increase its value. These improvements include making the data timely, easily comprehensible, comparable to other types of data, and verifiable for accuracy. This guarantees that the data is not only accurate but also more noteworthy. However, providing useful information comes with a cost. Information reporting must be justified by its advantages over its drawbacks.

4.4 RESULT AND DISCUSSION: THE IMPACT OF CURRENT WAQF DISCLOSURE PRACTICES ON SIRC INSTITUTION PERFORMANCE AND WAQF RESOURCE PERFORMANCE (RQ 3)

To answer the research question three, the objective of the study (RO3) is to determine the impact of current waqf disclosure practices on SIRC organizational performance and Waqf resource performance. The descriptive statistic highlights the basic features of the study's data study to investigate the stated research objectives. It provides a summary of the information. The descriptive statistics and diagnostic test are presented in this section.

4.4.1 Descriptive Statistics

The descriptive statistics of the variables for quality reporting disclosure of SIRC on waqf resources are shown in table 4.14 and 4.15. The descriptive statistics for the dependent, independent, and control variables, including qualitative disclosure, quantitative disclosure, financial performance (equity balance; revenue concentration; operating income; operating margin; income growth), operational performance (cash availability; return on investment), organization size, liquidity and leverage are summarized in Table 4.14 and 4.15

The descriptive statistics covered in this study include number of observations, means, standard deviation, minimum, and maximum value for panel data of 7 State Islamic Religious Council (SIRC) from 2010 to 2019. Thus, the total observation of panel data is around 120 (70 cases for SIRC Institution + 50 for Waqf resource section) cases.

4.4.1.1 Sample Mean and Standard Deviation

The analysis of the sample means and standard deviation of SIRC Institution and Waqf Resource are based on table 4.13(a) AND 4.13(b), respectively. In this study, financial performance and operational performance are used as dependent variable. Financial performance measured by Equity Balance (EB), Revenue Concentration (RC),

Operating Income (OI) Operating Margin (OM) and Income Growth (IG). Whereas operational performance measured by Cash Availability (CA) and Return on Investment (ROI).

Table 4.13(a) present the descriptive statistic for SIRC Institution. EB indicate financial sustainability if the ratio is high. EB ranges from the minimum value of 0.05 to the maximum value of 3.987. The mean for EB is 2.228 with a standard deviation of 1.151 while the number of EB observations is 63. While RC portray revenue from diverse sources if each ratio close to zero. It is important to see either the institution are dependent on one single sources of income if the it is close to one which is not healthy to the institution. The mean RC is 0.75 with standard deviation of 0.138. The maximum RC is 0.936 and the minimum level of RC is 0.432. OI ranges from the minimum value of 0.836 to the maximum value of 1.896 as presented in Table 4.13(a). The statistic indicates that some SIRC institution performed as high as 1.896 and some firms performed as low as 0.836. The mean for OI is 1.12 (SD=0.19), indicating that the income generated from core activities on average. The number of OI observations is 63, while OM indicate the organization is financially stable if the ratio is high. Thus, the higher the value of OM, the more preferred is the institution. During the period of study, the mean score of OM of SIRC institution stands at 0.231 (SD=0.16) from minimum score of -0.023 and maximum score of 0.50. The number of observations for OM is 63. The IG is measuring the extent to which the institution is able to generate income from time to time. Similar to the OM, institution with higher IG is more preferred. As for SIRC institution, the descriptive analysis in Table 4.13(a) shows that the mean score for IG is 3.927 (SD=17.899) from 2010 to 2019. Then, the minimum and maximum values of IC are -45.888 (indicates losses) and 104.23, respectively; while the number of observations is 56.

Next under operating performance, CA is measured by cash and bank balances to total assets. The mean score of CA for SIRC institution stands at 0.164 (SD=0.138) from minimum score of 0.03 and maximum score of 0.626. The number of observations for CA is 63. The CA is important as it measures the amount of idle cash and bank balance. The higher the CA states that the organization maintain high amount of idle cash. While ROI indicate the return of investment on asset. It is used to measure how much investment can realize through the use of their assets. The higher the value of

ROI, the more preferred is the firm. The mean score of ROI of SIRC organization stands at 0.277 (SD=0.18) from minimum score of 0.012 and maximum score of 0.752. The number of observations for ROI is 62.

Furthermore, Qualitative Disclosure (QUAL), Quantitative Disclosure (QUANTI) and Total Qualitative and Quantitative Disclosure (TWRDI) are used as independent variables. Firstly, Qualitative Disclosure (QUAL) is measured by waqf reporting disclosure index instrument (WRDI). The number of observations is 63 and the mean value for QUAL is 40.746 (SD=13.95) with minimum score of 6 and maximum score of 60. Secondly, Quantitative Disclosure (QUANTI) with mean value of QUANTI is 32.794 (SD= 6.768) and the number of observations is 63, with minimum score of 9 and maximum score of 41. Thirdly, the mean score of the Total WRDI (Qualitative and Quantitative Disclosure) is 73.54 with 63 observations. The minimum score for TWRDI is 43 and maximum score is 99.

The control variables consisted of Size, Liquidity (LIQ) and Leverage (LEV). The Size is measures as log of firm's total assets The mean score for Size is 819.891 (SD=0.772) with the minimum of 18.636 and maximum of 21.681. The number observation for Size is 63. The mean value for LIQ is 9.359 (SD= 7.342) over a period of 2010 to 2019 with 63 observations. The minimum score is 1.336 and maximum score is 26.523. Based on descriptive results, the mean score for LEV is 0.45, with minimum of 0 and maximum of 0.205; also, the number of observations is 60.

Table 4.13.(a) Descriptive Statistic – SIRC Institution

Variable	Obs	Mean	Std. Dev.	Min	Max
EB	63	2.228	1.151	.05	3.987
RC	61	.75	.138	.432	.936
OI	63	1.12	.19	.836	1.896
OM	63	.231	.16	-.023	.5
IG	56	3.927	17.899	-45.888	104.23
CA	63	.164	.138	.03	.626
ROI	62	.277	.18	.012	.752

Variable	Obs	Mean	Std. Dev.	Min	Max
QUAL	63	40.746	13.95	6	60
QUANTI	63	32.794	6.768	9	41
TWRDI	63	73.54	15.214	43	99
Size	63	19.891	.772	18.636	21.681
LIQ	63	9.359	7.342	1.336	26.523
LEV	60	.045	.045	0	.205

Table 4.13 (b) present the descriptive statistic for Waqf resources. In this study, financial performance and operational performance are used as dependent variable. However, under dependent variables, there are only five SIRC institution covered which is MAIDAM, MAINPP, MAIK, MAIM, and MAIS. The other two SIRC institution which is MAIPk and MAIWIP did not have separate financial statement for waqf that make it unable to proceed for ratio analysis. Firstly, EB indicate financial sustainability if the ratio is high. EB ranges from the minimum value of 2.793 to the maximum value of 1057.042. The mean for EB is 152.023 with a standard deviation of 310.204 while the number of EB observations is 40.

While RC portray revenue from diverse sources if each ratio close to zero. It is important to see either the institution is dependent on one single sources of income if the it is close to one which is not healthy to the institution. The mean RC is 0.566 with standard deviation of 0.20. The maximum RC is 1.169 and the minimum level of RC is 0.299. The average OI is 7.13 (SD= 5.162) with maximum OI of 17.86 and minimum of 1.01. The number of OI observations is 40, while OM indicate the institution is financially stable if the ratio is high. Thus, the higher the value of OM, the more preferred is the institution. During the period of study, the mean score of OM of Waqf resource stands at 0.509 (SD=0.291) from minimum score of 0.01 and maximum score of 0.93. The number of observations for OM is 40. The IG is measuring the extent to which the institution is able to generate income from time to time. Similar to the OM, firms with higher IG are more preferred. As for Waqf resource, the descriptive analysis in Table 4.13(b) shows that the mean score for IG is -0.365 (SD=9.493) from 2010 to 2019. Then, the minimum and maximum values of IG are -36.643 (indicates losses) and 21.138, respectively; while the number of observations is 38.

Next under operating performance, CA is measured by cash and bank balances to total assets. The mean score of CA for Waqf resource stands at 0.257 (SD=0.181) from minimum score of 0 and maximum score of 0.664. The number of observations for CA is 35. The CA is important as it measures the amount of idle cash and bank balance. The higher the CA states that the institution maintain high amount of idle cash. While ROI indicate the return of investment on asset. It is used to measure how much investment can realize through the use of their assets. The higher the value of ROI, the more preferred is the institution. The mean score of ROI of Waqf resource stands at 0.313 (SD=0.585) from minimum score of 0.002 and maximum score of 2.603. The number of observations for ROI is 31.

Furthermore, Qualitative Disclosure (QUAL), Quantitative Disclosure (QUANTI) and Total WRDI (Qualitative and Quantitative Disclosure) are used as independent variables. Firstly, Qualitative Disclosure (QUAL) is measured by waqf reporting disclosure index instrument (WRDI). The number of observations is 63 and the mean value for QUAL is 40.746 (SD=13.95) with minimum score of 6 and maximum score of 60. Secondly, Quantitative Disclosure (QUANTI) with mean value of QUANTI is 32.794 (SD= 6.768) and the number of observations is 63, with minimum score of 9 and maximum score of 41. Thirdly, the mean score of the Total WRDI (Qualitative and Quantitative Disclosure) is 73.54 with 63 observations. The minimum score for TWRDI is 43 and maximum score is 99.

The control variables consisted of Size, Liquidity (LIQ) and Leverage (LEV). The Size is measures as log of firm's total assets The mean score for Size is 17.752 (SD=0.776) with the minimum of 16.619 and maximum of 19.558. The number observation for Size is 38. The mean value for LIQ is 1.456 (SD= 0.663) over a period of 2010 to 2019 with 38 observations. The minimum score is 0.109 and maximum score is 3.811. Based on descriptive results, the mean score for LEV is 0.15, with minimum of 0 and maximum of 0.694; also, the number of observations is 31.

Table 4.13(b) Descriptive Statistic – Waqf resources

Variable	Obs	Mean	Std. Dev.	Min	Max
EB	40	152.023	310.204	2.793	1057.042
RC	40	.566	.2	.299	1.169
OI	40	7.13	5.162	1.01	17.86
OM	40	.509	.291	.01	.93
IG	38	-.365	9.493	-36.643	21.138
CA	35	.257	.181	0	.664
ROI	31	.313	.585	.002	2.603
QUAL	63	40.746	13.95	6	60
QUANTI	63	32.794	6.768	9	41
TWRDI	63	73.54	15.214	43	99
Size	38	17.752	.776	16.619	19.558
LIQ	38	1.456	.663	.109	3.811
LEV	31	.15	.216	0	.694

4.4.1.2 Normality Test

In determining the normality of the data in this study, assessments are made in term of the values of the skewness and kurtosis. Normality testing, using skewness and kurtosis, evaluates whether the data set follows a normal distribution. Skewness measures the asymmetry of a distribution. In the analysis, if the asymmetry values close to 0 indicate symmetry. The values between -2 and +2 are generally considered acceptable for normality. Whereas, kurtosis evaluates the "tails" of a distribution. In the analysis testing, if the kurtosis value around 0 means a normal distribution. Values between -7 and +7 are generally considered normal. The normal distribution has moderate kurtosis.

Based on Table 4.14 (a) and Table 4.14 (b), the assessment of the sample data for SIRC institution and Waqf resources indicates that the values of skewness and kurtosis for all variables are close to zero or around zero, respectively. Based on this analysis, it can be concluded that the sample data for SIRC institution and Waqf resources is normally distributed. A balanced data set with skewness around zero and kurtosis within the specified range indicates compliance with a normal distribution.

Table 4.14(a) Skewness and Kurtosis Tests for Normality: SIRC Institution

Variable	Skewness	Kurtosis
Equity Balances (EB)	0.667	0
Revenue concentration (RC)	0.441	0
Operating Income (OI)	0	0.001
Operating margin (OM)	0.973	0.003
Income Growth (IG)	0	0
Cash Availability (CA)	0	0.001
Return of Investment (ROI)	0.136	0.459
Qualitative Disclosure (QUAL)	0.001	0.423
Quantitative Disclosure (QUANTI)	0	0.002
TWRDI	0.045	0.251
Size	0.089	0.735
Liquidity (LIQ)	0.006	0.778
Leverage (LEV)	0.001	0.086

Table 4.14(b) Skewness and Kurtosis Tests for Normality: Waqf Resources

Variable	Skewness	Kurtosis
Equity Balances (EB)	0	0.032
Revenue concentration (RC)	0.012	0.264
Operating Income (OI)	0.113	0.075
Operating margin (OM)	0.74	0
Income Growth (IG)	0	0
Cash Availability (CA)	0.036	0.277
Return of Investment (ROI)	0	0
Qualitative Disclosure (QUAL)	0.001	0.423
Quantitative Disclosure (QUANTI)	0	0.002
TWRDI	0.045	0.251
Size	0.344	0.041
Liquidity (LIQ)	0.169	0.005
Leverage (LEV)	0.003	0.353

4.4.2 Diagnostic Tests

4.4.2.1 Multicollinearity

Multicollinearity means that there is a linear correlation between two or more independent variables. Two diagnostic tests are used in this study to determine the presence of multicollinearity among the independent variable. Multicollinearity is a state when two or more predictor variable have high correlation. In other words, if one variable in any regression model is predicted by another variable, then multicollinearity is existing. It is essential to measure the collinearity among the independent variable before estimating the model.

Tables 4.15 (a) and Table 4.15 (b) show the results of the Pearson's correlation coefficients for the independent variables of the SIRC institution and Waqf resources performance, respectively. The results for SIRC Institution and Waqf resource performance show that the correlation coefficients between pairs of independent variables are less than 0.8, indicating that there are no serious correlations among the variables. According to Judge et. al., (1982), correlation coefficients are only indicative of serious collinearity if the value exceeds 0.80-0.9 (Gujarati &Porter, 2009). If the correlation between the independent variable is weak suggesting the absence of multicollinearity. These conditions do not exist in this study as shown by Tables 4.15 (a) and Table 4.15 (b).

In the present study, the correlation between the independent variable is less than 0.80. this complies with the suggested value by Gujarati and Porter (2009). Weak collinearity signifies the model is not biased by collinearity among the independent variables. Based on the results of the correlation matrix presented in Table 4.15(a) and (b), no coefficient exceeds 0.8; thus, this finding suggests that the non-severity or non-existence of potential multicollinearity between independent variables. In other words, the correlation coefficients between independent variables are relatively low, denoting no multicollinearity problem in the dataset.

Table 4.15(a) Matrix of Correlations – SIRC Institution

Variables	EB	RC	OI	OM	IG	CA	ROI	QUAL	QUANTY	TWRDI	SIZE	LIQ	LEV
EB	1.000												
RC	-0.123	1.000											
OI	0.285	-0.324	1.000										
OM	0.139	-0.196	0.685	1.000									
IG	-0.082	-0.227	-0.079	-0.026	1.000								
CA	-0.598	0.150	-0.083	-0.028	-0.093	1.000							
ROI	0.617	0.010	0.313	0.323	-0.141	-0.319	1.000						
QUAL	0.319	-0.140	-0.027	0.011	-0.240	-0.539	0.191	1.000					
QUANTY	0.161	0.040	0.415	0.654	0.015	-0.018	0.349	-0.114	1.000				
TWRDI	0.374	-0.114	0.164	0.308	-0.220	-0.518	0.339	0.892	0.347	1.000			
SIZE	0.487	0.585	-0.225	-0.152	-0.117	-0.542	0.378	0.421	-0.102	0.351	1.000		
LIQ	0.707	-0.395	0.257	0.184	0.026	-0.756	0.496	0.540	0.009	0.514	0.412	1.000	
LEV	-0.736	0.120	-0.128	-0.146	0.001	0.781	-0.485	-0.509	-0.058	-0.506	-0.618	-0.784	1.000

Table 4.15(b) Matrix of Correlations – Waqf Resource

Variables	EB	RC	OI	OM	IG	CA	ROI	QUAL	QUANTY	TWRDI	SIZE	LIQ	LEV
EB	1.000												
RC	0.259	1.000											
OI	-0.052	-0.385	1.000										
OM	-0.384	-0.101	0.594	1.000									
IG	-0.432	-0.114	-0.064	0.227	1.000								
CA	-0.409	-0.247	0.301	0.152	0.351	1.000							
ROI	-0.050	0.299	0.263	0.282	0.042	0.464	1.000						
QUAL	-0.193	0.237	-0.009	0.365	-0.297	-0.305	0.278	1.000					
QUANTY	-0.054	0.210	-0.236	-0.040	0.152	-0.153	-0.229	-0.018	1.000				
TWRDI	-0.199	0.307	-0.114	0.312	-0.201	-0.343	0.150	0.789	0.428	1.000			
SIZE	-0.261	0.057	0.214	0.269	0.371	0.649	0.359	-0.417	-0.291	-0.506	1.000		
LIQ	0.145	0.434	-0.407	-0.306	0.181	-0.105	0.184	-0.093	0.190	0.000	0.015	1.000	
LEV	0.063	-0.425	0.406	0.212	0.378	0.151	-0.276	-0.516	0.116	-0.415	0.111	-0.271	1.000

The second test used to identify the presence of multicollinearity is the variance inflation factor (VIF). The test of multicollinearity is also extended to variance inflation factor (VIF) as shown in Table 4.16. The VIF is a diagnostic test to facilitate the detection of problems with regard to multicollinearity (Norusis, 2006). VIF are calculated for the independent variable to ascertain the magnitude of hidden collinearity as multicollinearity can exist between more than two independent variables at the same time. Correlation only measures the dependence or explanatory relationship among the pair of variables, whereas VIF measures the linear dependence among three or more variables. Therefore, VIF helps to detect the multicollinearity more precisely.

Table 4.16(a) and 4.16(b) show the result of the VIF. According to Kennedy (2008), VIF of more than 10 indicate serious collinearity. The result from the table demonstrates that the calculated VIF with the maximum value of VIF is 3.34 indicating that the multicollinearity problem is not present in the model. Therefore, all of the variables can be used to estimate the model.

Table 4.16(a) Variance Inflation Factor – SIRC Institution Performance

VARIABLES	VIF WRDI	VIF TWRDI
EB	1.773	1.930
RC	1.694	1.820
OI	1.773	1.930
OM	1.773	1.930
IG	1.800	1.930
CA	1.770	1.930
ROI	1.740	1.880
SIZE	1.610	1.570
LIQ	2.620	2.620
LEV	3.340	3.330

Table 4.16(b) Variance Inflation Factor – Waqf Resources Performance

VARIABLE	VIF WRDI	VIF TWRDI
EB	1.290	1.230
RC	1.290	1.230
OI	1.290	1.230
OM	1.290	1.230
IG	1.340	1.280
CA	1.290	1.230
ROI	1.150	1.090
SIZE	1.490	1.370
LIQ	1.360	1.100
LEV	1.210	1.350

4.4.2.2 Heteroscedasticity

Heteroscedasticity indicates that error term is not constant over time and place. In this study, the effect of heteroscedasticity is assessed using Breusch Pagan Lagrangian Multiplier (BPLM) test. Table 4.17(a) and 4.17(b) illustrates the result of the BPLM test for SIRC institution performance and Waqf resources performance respectively. The result of the X^2 - test accept the null hypothesis that there is no heteroscedasticity. Heteroscedasticity is a potential and common problem as the panel data is more oriented towards cross sectional analysis. A study by Shiu (2004), does not perform any test to check for the presence of heteroscedasticity. The study assumes that heteroscedasticity is a potential and common problem as the panel data is more oriented towards cross sectional analysis. Shiu (2004) also adopts robust standard error which is White's heteroskedasticity-consistent standard error, to overcome the problem of heteroscedasticity.

Table 4.17(a) Breusch Pagan Lagrangian Multiplier (BPLM) for Test Heteroscedasticity: SIRC Institution Performance

	X² Statistic	Probability
EB	0.00	1.000
RC	89.70	0.000
OI	0.980	0.161
OM	0.000	0.477
IG	0.000	1.000
CA	6.090	0.007
ROI	0.000	1.000

Table 4.17(b) Breusch Pagan Lagrangian Multiplier (BPLM) for Test Heteroscedasticity: Waqf Resource Performance

	X² Statistic	Probability
EB	0.000	1.000
RC	0.000	1.000
OI	0.000	1.000
OM	0.000	1.000
IG	0.000	1.000
CA	811.430	0.000
ROI	0.000	1.000

4.4.2.3 Autocorrelation

Autocorrelation means that the observations of the error terms are correlated, that is the value of the error terms from one time period depends on some systematic way on the value of the error term in other time periods. In this study, the presence of autocorrelation is detected using the Wooldridge test for autocorrelation in panel data. The result of the X²-test accept the null hypothesis that there is no autocorrelation problem except for revenues

concentration variable for SIRC institution performance. Autocorrelation in the residuals is handled with a first-order autoregression or AR (1) model (Olaere et al, 2021). In the study by Shiu (2004), the study view that it would be almost unlikely that autocorrelation would exist cross-sectionally as there is no particular order across firms in the panel data set being studied. As such, no such test was performed in his study to detect autocorrelation.

Table 4.18(a) Autocorrelation Test: SIRC institution Performance

Variable	Autocorrelation	
	X ² Statistic	Probability
EB	1.626	0.250
RC	31.967	0.001
OI	7.667	0.033
OM	2.252	0.184
IG	0.308	0.611
CA	2.841	0.143
ROI	3.144	0.127

Table 4.18(b) Autocorrelation Test: Waqf Resource Performance

Variable	Autocorrelation	
	X ² Statistic	Probability
EB	3.934	0.118
RC	0.01	0.925
OI	0.553	0.499
OM	3.844	0.122
IG	6.401	0.065
CA	58.853	0.002
ROI	1.349	0.330

4.4.3 The Result of Regression Analysis for WRDI and TWRDI on SIRC Institution and Waqf Resource Performance

4.4.3.1 Regression Analysis for WRDI on SIRC Institution Performance.

The following table 4.19(a) shows the results of regression analysis on SIRC Institution Performance for waqf reporting disclosure index (WRDI). WRDI consist of qualitative and quantitative disclosure index. The most appropriate estimation model of the three alternative regression specification is chosen based on the result from POLS, BPLM and Hausman test. Based on Table 4.19(a), POLS model, random effect model (REM) and fixed effect model (FEM) have been run to estimate the regression model. POLS model, REM and FEM shows that WRDI (quantitative disclosure) are positively and statistically significant on operating income (OI), operating margin (OM) (financial performance) and return on investment (operational performance). However, all factors are statistically insignificant on WRDI (qualitative disclosure).

In order to choose the best model, BPLM test is used to test whether or not POLS is adequate. The BPLM test is used to decide if the POLS or REM is the best model representing the data. The alternative hypothesis (H1) stated that REM is more appropriate than POLS when $p < 0.05$. According to the result of BPLM test, it is shown that $p\text{-value} < 0.05$ for RC and CA; thus, REM is better than POLS model. Whereas, $p\text{-value} > 0.05$ for EB, OI, OM, IG and ROI; thus, POLS model is better than REM.

Next, the Hausman test is used to determine the most preferred model either fixed effect model (FEM) or random effect model (REM). Where the hypotheses are; H0: random effects is the preferred model; H1: fixed effects is the preferred model; where the null hypothesis (H0) is rejected if the p-value is small (less than 0.05). The result indicate that the p-value is higher than 0.05, which demonstrating that REM is the preferred or recommended model.

Table 4.19(a) Result of Regression Analysis of WRDI on SIRC Institution Financial Performance and Operational Performance

Variable	Financial Performance														
	Equity Balance(EB)			Revenue Concentration			Operating Income (OI)			Operating Margin (OM)			Income Growth (IG)		
	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM
Qualitative disclosure	-2.692 (-1.210)	-2.692 (-1.210)	-1.729 (-1.310)	-0.002 (-0.540)	-0.002 (-0.540)	-0.002 (-0.660)	0.022 (0.350)	0.022 (0.350)	0.033 (0.480)	0.01*** (2.880)	0.01*** (2.880)	0.009** (2.290)	-0.053 (-0.380)	-0.053 (-0.380)	0.063 (0.390)
Quantitative disclosure	-8.106 (-1.630)	-8.106 (-1.630)	-1.655 (-0.620)	0.003 (0.430)	0.003 (0.430)	0.004 (0.550)	-0.227 (-1.640)	-0.227 (-1.640)	-0.123 (-0.880)	-0.002 (-0.240)	-0.002 (-0.240)	-0.001 (-0.150)	0.13 (0.480)	0.13 (0.480)	0.19 (0.660)
Size	32.978 (0.720)	32.978 (0.720)	-0.673 (-0.020)	0.078 (1.260)	0.078 (1.260)	-0.064 (-0.620)	1.776 (1.380)	1.776 (1.380)	0.431 (0.200)	0.211*** (3.000)	0.211*** (3.000)	0.096 (0.780)	4.784* (1.830)	4.784* (1.830)	2.869 (0.650)
Liquidity	-177.85 (-3.280)	-177.85 (-3.280)	-18.182 (-0.490)	0.084 (1.160)	0.084 (1.160)	-0.006 (-0.070)	-2.126 (-1.400)	-2.126 (-1.400)	-0.304 (-0.160)	-0.095 (-1.140)	-0.095 (-1.140)	-0.175 (-1.530)	2.64 (0.880)	2.64 (0.880)	2.794 (0.690)
Leverage	-167.468 (-1.180)	-167.468 (-1.180)	-27.817 (-0.280)	-0.397 (-2.100)	-0.397 (-2.100)	-0.448 (-1.760)	2.605 (0.660)	2.605 (0.660)	7.427 (1.420)	0.351 (1.630)	0.351 (1.630)	0.4 (1.310)	8.409 (1.030)	8.409 (1.030)	14.807 (1.360)
Constant	169.5 (0.190)	169.5 (0.190)	249.074 (0.330)	-0.898 (-0.740)	-0.898 (-0.740)	1.768 (0.930)	-15.497 (-0.610)	-15.497 (-0.610)	0.984 (0.030)	3.486** (-2.500)	3.486** (-2.500)	-1.329 (-0.580)	91.646* (-1.750)	91.646* (-1.750)	-65.507 (-0.810)
BPLM	0.000 (1.000)			0.000 (1.000)			0.000 (1.000)			0.000 (1.000)			0.000 (1.000)		
Hausman test		-422.978 (-1.000)			5.889 (0.317)			6.862 (0.231)			2.691 (0.747)			3.518 (0.621)	
F - Stat			18.19 (0.000)			1.31 (0.299)			1.61 (0.210)			0.73 (0.583)			0.93 (0.466)
R-squared	0.576			0.243			0.382			0.513			0.159		

Continue: Table 4.19(a) Result of Regression Analysis of WRDI on SIRC Institution
Financial Performance and Operational Performance

Variable	Operational performance					
	Cash availability			ROI		
	POLS	REM	FEM	POLS	REM	FEM
Qualitative disclosure	-0.001 (-1.160)	-0.001 (-1.120)	-0.001 (-1.090)	-0.002 (-1.490)	-0.002 (-1.490)	-0.002 (-1.190)
Quantitative disclosure	-0.001 (-0.330)	0 (-0.120)	0 (-0.200)	0.007** (2.130)	0.007** (2.130)	0.007* (1.900)
Size	0.026 (1.000)	-0.008 (-0.230)	0.003 (0.060)	0.057* (1.750)	0.057 (1.750)	0.009 (0.130)
Liquidity	0 (0.080)	0.002 (0.540)	0.004 (0.930)	0.014*** (3.850)	0.014*** (3.850)	0.015** (2.280)
Leverage	1.959*** (3.420)	0.725 (1.050)	-0.285 (-0.340)	0.619 (0.880)	0.619 (0.880)	0.244 (0.190)
Constant	-0.361 (-0.670)	0.334 (0.460)	0.149 (0.170)	-1.146 (-1.740)	-1.146 (-1.740)	-0.206 (-0.150)
BPLM	6.090 (0.007)			0.000 (1.000)		
Hausman test		6.845 (0.232)			0.975 (0.965)	
F - Stat			5.24 (0.000)			0.36 (0.903)
R-squared	0.345			0.399		

4.4.3.2 Regression Analysis for WRDI Waqf Resource Performance

The next table 4.19(b) shows the results of regression analysis on Waqf Resource Performance for waqf reporting disclosure index (WRDI). WRDI consist of qualitative and quantitative disclosure index. The results of the POLS, BPLM, and Hausman tests are used to determine which of the three different regression specifications is the most suitable estimating model. As shown in Table4.19(b), POLS model, REM and FEM have been run to estimate the regression model. POLS model, RE model and FE model shows that WRDI (qualitative disclosure) are positive and statistically significant at one percent and five

percent on operating margin (OM). Then, POLS model and RE model also shows that WRDI (qualitative disclosure) are positive and statistically significant at ten percent on return on investment (ROI) and other factors are insignificant.

BPLM test is commonly used by researchers to determine whether POLS is sufficient for selecting the best model in static panel data analysis. When $p < 0.05$, REM is considered to be more appropriate than POLS, according to the alternative hypothesis (H1). In Table 4.19 (b), the result of BPLM test shown $p\text{-value} > 0.05 = 1.000$; thus, POLS model is better than REM. To identify and further confirm the preferred model, the Hausman test is employed to determine the model either REM or FEM the best-chosen model. The Hausman test hypothesis is H0: the preferred model is random effects whereas alternative hypothesis H1: the preferred model is fixed effects. It is indicated that, if, the p-value is less than 0.05, to reject the null hypothesis (H0). The result shows that p-value is greater than 0.05 for financial performance and operational performance, thus conclude that REM is the preferred model.

Table 4.19(b) Result of Regression Analysis of WRDI on Waqf Resource Financial Performance and Operational Performance

Variable	Financial Performance														
	Equity Balance(EB)			Revenue Concentration			Operating Income (OI)			Operating Margin (OM)			Income Growth (IG)		
	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM
Qualitative disclosure	-2.692 (-1.210)	-2.692 (-1.210)	-1.729 (-1.310)	-0.002 (-0.540)	-0.002 (-0.540)	-0.002 (-0.660)	0.022 (0.350)	0.022 (0.350)	0.033 (0.480)	0.01*** (2.880)	0.01*** (2.880)	0.009** (2.290)	-0.053 (-0.380)	-0.053 (-0.380)	0.063 (0.390)
Quantitative disclosure	-8.106 (-1.630)	-8.106 (-1.630)	-1.655 (-0.620)	0.003 (0.430)	0.003 (0.430)	0.004 (0.550)	-0.227 (-1.640)	-0.227 (-1.640)	-0.123 (-0.880)	-0.002 (-0.240)	-0.002 (-0.240)	-0.001 (-0.150)	0.13 (0.480)	0.13 (0.480)	0.19 (0.660)
Size	32.978 (0.720)	32.978 (0.720)	-0.673 (-0.020)	0.078 (1.260)	0.078 (1.260)	-0.064 (-0.620)	1.776 (1.380)	1.776 (1.380)	0.431 (0.200)	0.211*** (3.000)	0.211*** (3.000)	0.096 (0.780)	4.784* (1.830)	4.784* (1.830)	2.869 (0.650)
Liquidity	-177.85 (-3.280)	-177.85 (-3.280)	-18.182 (-0.490)	0.084 (1.160)	0.084 (1.160)	-0.006 (-0.070)	-2.126 (-1.400)	-2.126 (-1.400)	-0.304 (-0.160)	-0.095 (-1.140)	-0.095 (-1.140)	-0.175 (-1.530)	2.64 (0.880)	2.64 (0.880)	2.794 (0.690)
Leverage	-167.468 (-1.180)	-167.468 (-1.180)	-27.817 (-0.280)	-0.397 (-2.100)	-0.397 (-2.100)	-0.448 (-1.760)	2.605 (0.660)	2.605 (0.660)	7.427 (1.420)	0.351 (1.630)	0.351 (1.630)	0.4 (1.310)	8.409 (1.030)	8.409 (1.030)	14.807 (1.360)
Constant	169.5 (0.190)	169.5 (0.190)	249.074 (0.330)	-0.898 (-0.740)	-0.898 (-0.740)	1.768 (0.930)	-15.497 (-0.610)	-15.497 (-0.610)	0.984 (0.030)	3.486** (-2.500)	3.486** (-2.500)	-1.329 (-0.580)	91.646* (-1.750)	91.646* (-1.750)	-65.507 (-0.810)
BPLM	0.000 (1.000)			0.000 (1.000)			0.000 (1.000)			0.000 (1.000)			0.000 (1.000)		
Hausman test		-422.978 (-1.000)			5.889 (0.317)			6.862 (0.231)			2.691 (0.747)			3.518 (0.621)	
F - Stat			18.19 (0.000)			1.31 (0.299)			1.61 (0.210)			0.73 (0.583)			0.93 (0.466)
R-squared	0.576			0.243			0.382			0.513			0.159		

Continue: Table 4.19(b) Result of Regression Analysis of WRDI on Waqf Resource Financial Performance and Operational Performance

Variable	Operational performance					
	Cash availability			ROI		
	POLS	REM	FEM	POLS	REM	FEM
Qualitative disclosure	0 (-0.190)	0 (-0.190)	-0.002 (-0.910)	0.015* (1.950)	0.015* (1.950)	0.01 1.14
Quantitative disclosure	0.005 (0.810)	0.005 (0.810)	-0.001 (-0.300)	0.008 (0.380)	0.008 (0.380)	0.006 0.28
Size	0.024 (0.460)	0.024 (0.460)	0.171** (2.460)	0.586*** (3.820)	0.586*** (3.820)	0.958 (3.820)
Liquidity	0.049 (0.790)	0.049 (0.790)	0.001 (0.010)	-0.058 (-0.270)	-0.058 (-0.270)	0.141 (0.590)
Leverage	0.373** (2.300)	0.373** (2.300)	0.076 (0.450)	0.058 (0.130)	0.058 (0.130)	-0.004 (-0.010)
Constant	-0.43 (-0.410)	-0.43 (-0.410)	2.06* (-2.060)	10.71*** (-3.450)	10.71*** (-3.450)	-1710.35 (-3.670)
BPLM	0.000 (1.000)			0.000 (1.000)		
Hausman test	33.080 (0.000)			3.798 (0.579)		
F - Stat	5.40 (0.004)			1.24 (0.325)		
R-squared	0.269			0.525		

4.4.3.3 Regression Analysis for TWRDI on SIRC Institution Performance

Table 4.19(c) shows the results of regression analysis on SIRC Institution Performance and TWRDI. TWRDI consist of the total of qualitative and quantitative disclosure index. The first test that has been performed is the POLS model specification, followed by BPLM test and Hausman test. Table 4.19 (c) below shows the results of the tests. REM shows that TWRDI are positive and statistically significant at ten percent level on operating margin (OM) (financial performance). However, POLS model and FEM has shown that TWRDI are statistically insignificant on financial and operational performance.

In order to choose the best model, BPLM test is used to test whether or not POLS is adequate. The BPLM test is used to decide if the POLS or REM is the best model representing the data. The alternative hypothesis (H1) stated that REM is more appropriate than POLS when $p < 0.05$. According to the result of BPLM test, it is shown that most of $p\text{-value} > 0.05$; thus, POLS model is better than REM.

Next, the Hausman test is used to determine the most preferred model either fixed effect model (FEM) or random effect model (REM). Where the hypotheses are; H0: random effects are the preferred model; H1: fixed effects is the preferred model; where the null hypothesis (H0) is rejected if the p-value is small (less than 0.05). The result indicate that the p-value is higher than 0.05, which demonstrating that REM is the preferred or recommended model.

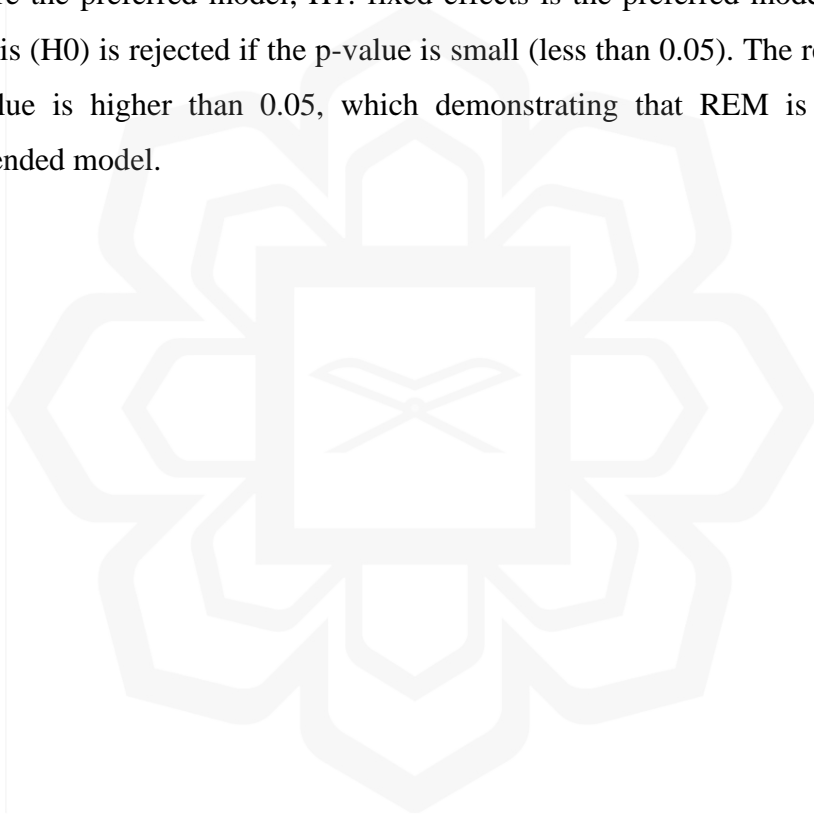


Table 4.19(c) Result of Regression Analysis of TWRDI on SIRC Institution Financial Performance and Operational Performance

Variable	Financial Performance														
	Equity Balance (EB)			Revenue Concentration			Operating Income (OI)			Operating Margin (OM)			Income Growth (IG)		
	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM
TWRDI	-0.009 (-0.830)	-0.009 (-0.830)	-0.008 (-0.770)	0 (0.260)	0.001 (1.600)	0.001 (1.640)	0.002 (1.000)	0.002 (1.160)	0.002 (1.300)	0.002 (1.560)	0.002* (1.660)	0.002 (1.580)	0.071 (0.370)	0.071 (0.370)	0.057 (0.280)
Size	0.243 (1.030)	0.243 (1.030)	0.504 (1.130)	0.094*** (3.440)	0.002 (0.070)	-0.008 (-0.280)	-0.057 (-1.440)	-0.077 (-1.540)	-0.12 (-1.550)	-0.048 (-1.410)	-0.016 (-0.370)	0.013 (0.210)	-5.765 (-1.220)	-5.765 (-1.220)	0.983 (0.110)
Liquidity	0.017 (0.650)	0.017 (0.650)	0.038 (0.850)	-0.007** (-2.360)	-0.001 (-0.440)	-0.001 (-0.370)	0.012*** (2.730)	0.013** (2.370)	0.016** (2.030)	0.003 (0.770)	0.001 (0.230)	-0.002 (-0.320)	0.007 (0.020)	0.007 (0.020)	-1.034 (-1.200)
Leverage	-7.163 (-1.400)	-7.163 (-1.400)	13.776 (1.620)	-0.02 (-0.030)	0.185 (0.380)	0.262 (0.510)	0.21 (0.240)	-0.184 (-0.190)	-0.432 (-0.290)	-0.555 (-0.750)	-0.427 (-0.480)	-0.111 (-0.090)	-50.631 (-0.530)	-50.631 (-0.530)	-147.479 (-0.90)
Constant	-1.759 (-0.370)	-1.759 (-0.370)	-8.167 (-0.930)	-1.071* (-1.960)	0.632 (1.180)	0.841 (1.480)	2.004** (2.520)	2.392** (2.400)	3.213** (2.110)	1.02 (1.490)	0.394 (0.440)	-0.171 (-0.130)	114.657 (1.200)	114.657 (1.200)	-3.459 (-0.020)
BPLM	0.000 (1.000)			98.240 (0.000)			0.180 (0.335)			0.950 (0.164)			0.000 (1.000)		
Hausman test	10.557 (0.032)			1.059 (0.901)			1.174 (0.882)			1.647 (0.800)			3.458 (0.484)		
F - Stat	2.15 (0.064)			28.26 (0.000)			1.61 (0.165)			2.27 (0.052)			0.82 (0.561)		
R-squared	0.204			0.279			0.199			0.106			0.032		

Continue: Table 4.19(c) Result of Regression Analysis of TWRDI on SIRC Institution Financial Performance and Operational Performance

Variable	Operational performance					
	Cash availability			ROI		
	POLS	REM	FEM	POLS	REM	FEM
TWRDI	-0.001 (-1.170)	-0.001 (-1.090)	-0.001 (-1.080)	-0.001 (-0.540)	-0.001 (-0.540)	-0.001 (-0.360)
Size	0.026 (1.000)	-0.004 (-0.110)	0.003 (0.060)	0.047 (1.390)	0.047 (1.390)	0.001 (0.020)
Liquidity	0 (0.110)	0.001 (0.380)	0.004 (0.910)	0.015*** (4.020)	0.015*** (4.020)	0.013* (1.900)
Leverage	1.973*** (3.500)	1.022 (1.570)	-0.311 (-0.380)	0.866 (1.180)	0.866 (1.180)	-0.054 (-0.040)
Constant	-0.34 (-0.650)	0.257 (0.380)	0.166 (0.190)	-0.781 (-1.150)	-0.781 (-1.150)	0.173 (0.120)
BPLM	5.930 (0.007)			0.000 (1.000)		
Hausman test	10.42 (0.034)			1.439 (0.837)		
F - Stat				5.34 (0.000)		
R-squared	0.345			0.319		

4.4.3.4 Regression Analysis for TWRDI on Waqf Resource Performance

The next table 4.19(d) shows the results of regression analysis on Waqf Resource Performance and TWRDI. TWRDI is refers to total combination of qualitative and quantitative disclosure index. The first test that has been performed is the POLS model, followed by BPLM test and Hausman test. Based on Table 4.19(d), POLS model, REM and FEM have been run to estimate the regression model. POLS model and REM shows that TWRDI are positively and statistically significant on operating margin (OM) (financial performance) and return on investment (operational performance) at ten percent and five percent level as well as negatively significant on equity balance (EB) (financial performance). However, all factors are statistically insignificant on FE model.

BPLM test is commonly used to determine whether POLS is sufficient for selecting the best model in static panel data analysis. When $p < 0.05$, REM is considered to be more appropriate than POLS, according to the alternative hypothesis (H1). In Table 4.19 (d), the result of BPLM test shown $p\text{-value} > 0.05 = 1.000$; thus, POLS model is better than REM. To identify and further confirm the preferred model, the Hausman test is employed to determine the model either REM or FEM the best-chosen model. The Hausman test hypothesis is H_0 : the preferred model is random effects whereas alternative hypothesis H_1 : the preferred model is fixed effects. It is indicated that, if, the p-value is less than 0.05, then reject the null hypothesis (H_0). The result shows that p-value is greater than 0.05 for financial performance and operational performance, thus conclude that REM is the preferred model.

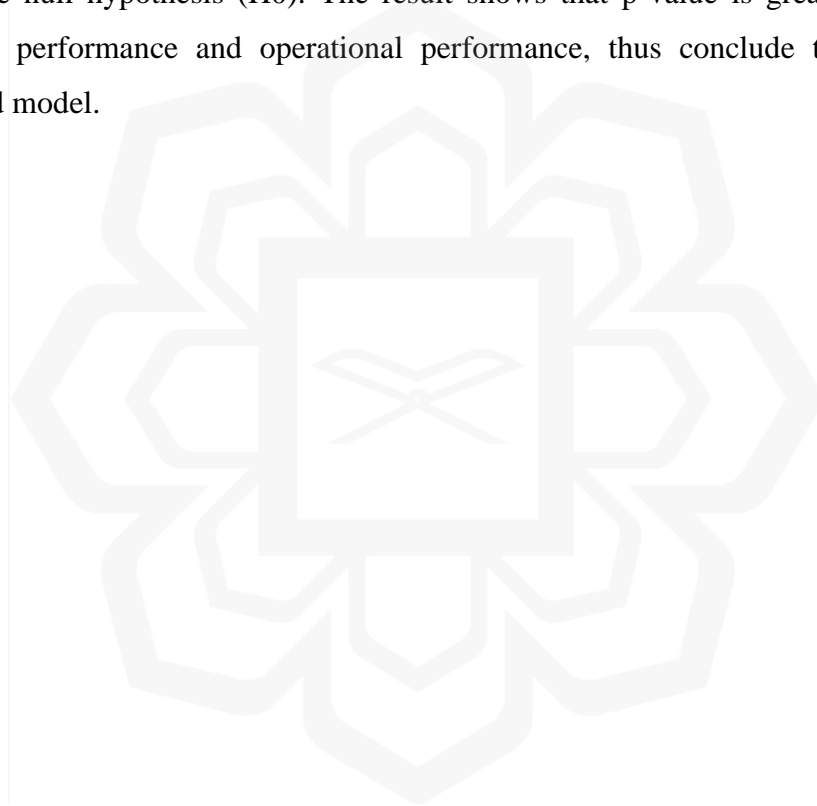


Table 4.19(d) Result of Regression Analysis of TWRDI on Waqf Resource Financial Performance and Operational Performance

Variable	Financial Performance														
	Equity Balance (EB)			Revenue Concentration			Operating Income (OI)			Operating Margin (OM)			Income Growth (IG)		
	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM	POLS	REM	FEM
TWRDI	-3.647* (-1.820)	-3.647* (-1.820)	-1.715 (-1.490)	-0.001 (-0.310)	-0.001 (-0.310)	-0.001 (-0.350)	-0.022 (-0.390)	-0.022 (-0.390)	0.002 (0.030)	0.008** (2.490)	0.008** (2.490)	0.007 (1.970)	-0.013 (-0.110)	-0.013 (-0.110)	0.093 (0.670)
Size	43.464 (0.970)	43.464 (0.970)	-0.779 (-0.020)	0.069 (1.170)	0.069 (1.170)	-0.073 (-0.710)	2.258* (1.750)	2.258* (1.750)	0.654 (0.310)	0.234*** (3.360)	0.234*** (3.360)	0.111 (0.900)	4.537* (1.780)	4.537* (1.780)	2.684 (0.630)
Liquidity	-185.748*** (-3.460)	-185.748*** (-3.460)	-18.211 (-0.500)	0.091 (1.280)	0.091 (1.280)	-0.009 (-0.090)	-2.49 (-1.610)	-2.49 (-1.610)	-0.244 (-0.12)	-0.111 (-1.340)	-0.111 (-1.340)	-0.171 (-1.490)	2.904 (1.000)	2.904 (1.000)	2.744 (0.690)
Leverage	-209.038 (-1.550)	-209.038 (-1.550)	-27.422 (-0.290)	-0.363* (-2.040)	-0.363* (-2.040)	-0.416 (-1.670)	0.693 (0.180)	0.693 (0.180)	6.596 (1.280)	0.263 (1.250)	0.263 (1.250)	0.344 (1.140)	10.096 (1.330)	10.096 (1.330)	15.545 (1.480)
Constant	-100.124 (-0.120)	-100.124 (-0.120)	252.23 (0.350)	-0.676 (-0.590)	-0.676 (-0.590)	2.021 (1.080)	-27.901 (-1.110)	-27.901 (-1.110)	-5.638 (-0.15)	-4.062** (-3.010)	-4.062** (-3.010)	-1.775 (-0.780)	-85.045 (-1.690)	-85.04* (-1.690)	-60.42 (-0.77)
BPLM	0.000 (1.000)			0.000 (1.000)			0.000 (1.000)			0.000 (1.000)			0.000 (1.000)		
Hausman test	-155.032 (1.000)			5.658 (0.226)			10.513 (0.033)			3.139 (0.535)			4.197 (0.380)		
F - Stat	20.79 (0.000)			1.28 (0.310)			2.07 (0.119)			0.83 (0.518)			1.02 (0.419)		
R-squared	0.56			0.232			0.317			0.476			0.146		

Continue: Table 4.19(d) Result of Regression Analysis of TWRDI on Waqf Resource Financial Performance and Operational Performance

Variable	Operational performance					
	Cash availability			ROI		
	POLS	REM	FEM	POLS	REM	FEM
TWRDI	0 (0.180)	0 (0.180)	-0.002 (-0.980)	0.014* (2.000)	0.014** (2.000)	0.01 (1.210)
Size	0.015 (0.280)	0.015 (0.280)	0.17** (2.520)	0.599*** (4.140)	0.599*** (4.140)	0.968*** (4.050)
Liquidity	0.057 (0.930)	0.057 (0.930)	0 (0.000)	-0.049 (-0.230)	-0.049 (-0.230)	0.149 (0.650)
Leverage	0.412** (2.680)	0.412*** (2.680)	0.08 (0.480)	0.023 (0.050)	0.023 (0.050)	-0.023 (-0.040)
Constant	-0.175 (-0.18)	-0.175 (-0.18)	-2.619** (-2.120)	-11.117*** (-4.010)	-11.117*** (-4.010)	-17.621*** (-4.010)
BPLM	0.000 (1.000)			0.000 (1.000)		
Hausman test	40.041 (0.000)			4.11 (0.391)		
F - Stat	5.94 (0.002)			1.34 (0.294)		
R-squared	0.25			0.523		

4.4.3.5 Regression Results Based on the Best Estimation Model

This section is divided into two subsections – subsection 4.4.3.5.1 and 4.4.3.5.2 Subsection 4.4.3.5.1 discuss the result for performance measurement using financial performance and operational performance ratio. The financial and operational ratios are performance measures of SIRC Institution Performance and Waqf Resources Performance. Thus, through the performance measurement it will portray effectiveness and efficiency of SIRC institution and Waqf resources. Five financial performance and two operational performance ratios were used to determine the impact and hypothesis of this study. Subsection 4.4.3.5.2 focuses on the impact of WRDI on SIRC Institution Performance and Waqf Resources performance. This section will discuss the results of the random effects

model (REM) for the two performance measures which are the financial performance and operational performance ratio. The results for the random effects model for both performance measures are shown in Tables 4.27 to Table 4.30 for SIRC Institution Performance and Waqf Resource Performance, respectively.

4.4.3.5.1 Performance Measurement Result

Seven performance measurement ratios were used to examine SIRC Institution Performance and Waqf Resource Performance which consist of financial performance ratio and operational performance ratio. There are five ratios used to examine the financial performance for SIRC Institution performance and Waqf Resource Performance are Equity Balance (EB), Revenue Concentration (RC), Operating Income (OI), Operating Margin (OM), And Income Growth (IG). Whereas, operational ratio consists of Cash Availability (CA) and Return on Investment (ROI). The results of the computed ratios are discussed below. The sample panel data is run for 10 years period starting on year 2010 to 2019 (unbalanced data). There is seven SIRC Institution covers in this study under SIRC Institution Performance and five SIRC Institution for Waqf Resource Performance. It is occurred due to non-separable of financial statement for waqf resource. However, for MAIK and MAIM the information cover starting on year 2012 and 2015 respectively since there is missing annual report before the period covered.

Equity Balance (EB)

The equity balance is one of the ratios to assessed the financial health criterion which is by the ratio of equity to total revenue. In general, a high ratio indicates that an organization is able to survive financially. In this study, equity was defined as either the accumulated waqf funds of Waqf Resources or the SIRC Institution's equity fund. On the other hand, if its ratio is low, it becomes financially at risk. The fact that Tuckman and Chang (1991) did not propose a common benchmark for this ratio is a disadvantage (Sulaiman & Zakari 2015).

Table 4.20(a) above shows that MAIDAM get the highest average score with 2.930 score, followed closely by MAIWIP (2.63 score), MAIK (2.06), MAIPk (1.54), then by MAINPP and MAIM with 1.388 AND 1.08 score respectively. Whereas the least score is MAIS with 0.86 score.

As a result, it can be said that the equity balance ratios portray that fall inside the sustainability area, indicating that these SIRC institution are slightly financially fragile or, at the very least, financially sustainable. An organization is generally considered financially viable when its equity to revenue ratio is high.

Table 4.20(a) Equity Balance Ratio (EB) – SIRC Institution

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
2010	2.710	1.127			0.66	2.00	2.84
2011	2.712	1.101			0.82	1.89	2.59
2012	2.653	1.140	2.39		0.84	1.85	2.47
2013	3.025	1.260	2.35		0.87	1.77	2.37
2014	3.177	1.475	2.36		0.78	1.60	2.30
2015	3.651	1.541	1.97	1.20	0.67	1.18	2.02
2016	3.474	1.527	1.98	1.05	0.64	1.43	2.93
2017	2.561	1.556	1.80	0.98	0.82	1.42	2.92
2018	2.708	1.510	1.79	1.14	0.99	1.19	3.23
2019	2.627	1.641	1.82	1.05	1.50	1.10	2.61
Average score	2.930	1.388	2.06	1.08	0.86	1.54	2.63

Next, the following table 4.20(b) shows the computed ratios result of the Waqf Resource selected in this study. According to the Table 4.20(b), shows that MAIK get the highest average score with 735.04 score, followed closely by MAIM (11.40 score), MAIDAM (6.34 score), MAINPP (5.94 score), Whereas the least score is MAIS with

3.86 score. Based on the finding, MAIK is the most sustainable compare to other SIRC on waqf resource with its equity more than 735 times its revenue. However, most of the SIRC institution may regarded as sustainability area, since the equity balance ratios lie inside the sustainability region, indicating the financial sustainability.

Table 4.20(b) Equity Balance Ratio (EB) – Waqf Resource

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS
2010	9.06				4.56
2011	5.82				3.60
2012	6.56		810.37		2.81
2013	6.64	5.56	903.57		2.79
2014	6.24	7.31	1,057.04		3.02
2015	7.09	6.56	546.26	11.69	3.87
2016	5.10	5.11	394.56	13.13	4.13
2017	5.48	5.43	907.02	9.45	4.52
2018	6.10	4.53	550.41	11.45	4.46
2019	5.32	7.06	711.05	11.28	4.88
Average score	6.34	5.94	735.04	11.40	3.86

Revenue Concentration (RC)

The revenue concentration index is the square of the percentage share that each revenue source represents of the total revenue. An index close to “zero” for each source of revenue indicates that a *waqf* institution had “equal” revenue from diverse sources, which means that the organization is significantly healthy. According to Tuckman and Chang (1991), a non-profit organization is less vulnerable to revenue downturns if its revenue sources are diverse because an economic downturn may be more likely to affect one revenue source and not all others. However, an index close to “1” for any revenue source indicates

an SIRC Institution is severely at risk, as this is an indication that it is dependent on one single source of revenue.

As shown in the table 4.21(a) (SIRC Institution), MAIDAM, MAIK and MIAM appears to have an index close to zero for each of its revenue sources. Although it had appeared to be financially healthy as its sources of revenue are diverse however it is relying on Zakat sources more than other revenue sources and the distribution was not even. For the other SIRC like MAINPP, MAIS, MAIPk, and MAIWIP, it is appearing to have an index close to one for its revenue sources. Most of them heavily dependent on Zakat revenue more than other sources.

Table 4.21(a) Revenue Concentration Index – SIRC Institution

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
2010	0.571				0.81	0.72	0.90
2011	0.560				0.94	0.93	0.92
2012	0.594	0.74	0.61		0.89	0.90	0.89
2013	0.572	0.56	0.59		0.91	0.87	0.90
2014	0.562	0.61	0.67		0.90	0.86	0.89
2015	0.546	0.74	0.70	0.58	0.90	0.65	0.87
2016	0.560	0.67	0.65	0.59	0.90	0.79	0.89
2017	0.432	0.77	0.69	0.66	0.91	0.83	0.90
2018	0.612	0.77	0.61	0.65	0.89	0.82	0.90
2019	0.698	0.78	0.64	0.68	0.82	0.91	0.88
Average Score	0.571	0.71	0.64	0.63	0.89	0.83	0.89

According to table 4.21(b) (Waqf Resource), in average MAIDAM, MAIK, MAINPP, and MAIM appears to have an index close to zero for each of its revenue sources. The diversified source of income consists of rental (from waqf land, waqf house or waqf store), investment, current account, fixed deposit and others sources. Although it had appeared to be financially healthy as its sources of revenue are diverse however it

is relying on rental from waqf land more than other revenue sources and the distribution was not even. Further, as the index for this particular source of income is more than half (more than 0.5) any economic downturn that affects rental properties will put SIRC in a financially vulnerable position. The least diversified income was MAIS with average score close to one with 0.72 which significantly derived its entire revenue from waqf share and rental sources. Its index of 0.72 is an indication that it was highly vulnerable and severely at risk.

As conclusion, it is noticeable that, even though the SIRC Institution and Waqf Resource had a variety of income streams, their distribution was uneven. As stated previously, the index requires that SIRC Institution and Waqf Resource should have a balanced distribution of revenue from various sources in order to be financially sustainable. According to Sulaiman and Zakari (2015), this would make it possible for the institutions to withstand financial shocks and continue with their waqf operations.

Table 4.21(b) Revenue Concentration Index – Waqf Resource

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS
2010	0.44				0.42
2011	0.30				0.69
2012	0.35		0.79		0.82
2013	0.41	0.44	0.43		0.85
2014	0.35	0.72	0.58		0.80
2015	0.48	0.61	0.39	0.50	0.81
2016	0.33	0.39	0.33	0.52	0.76
2017	0.49	0.41	1.17	0.50	0.71
2018	0.54	0.37	0.42	0.57	0.78
2019	1.00	0.55	0.51	0.54	0.59
Average score	0.47	0.50	0.58	0.53	0.72

Operating Income (OI)

Operating income ratio shows how well an organization is managing its expenses. It was assessed by core income to total expenses. It reveals how much is generated for each ringgit expended. The higher the ratio, the more efficient an organization is in controlling its expenditure. In other words, the high percentage shows the high percentage of income to the total expense. The high percentage of OI was because the expenses rate was very low. The following table 4.22(a) shows the computed ratios result of the SIRC Institution selected in this study.

Table 4.22(a) Operating Income (OI) – SIRC Institution

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
2010	1.288	1.037			0.99	1.20	1.17
2011	1.504	1.261			1.05	1.14	1.15
2012	1.399	1.214	0.90		1.13	1.42	1.26
2013	1.896	1.471	1.31		1.12	1.25	1.24
2014	1.694	1.224	0.97		0.99	0.97	1.09
2015	1.210	1.005	0.91	0.99	0.94	0.92	0.84
2016	0.987	1.114	1.10	0.95	0.98	1.11	1.06
2017	0.886	1.087	1.05	1.06	1.20	1.04	1.11
2018	0.979	1.226	1.05	0.98	0.97	1.02	1.23
2019	1.015	1.143	1.05	1.00	1.04	1.04	0.92
Average Score	1.286	1.178	1.04	0.99	1.04	1.11	1.11

Table 4.22(a) above shows that MAIDAM get the highest average score with 1.286 score, followed closely by MAINPP (1.178 score), MAINPk (1.11), MAIWIP (1.11), then by MAIK and MAIS with 1.04 score. Whereas the least score is MAIM with 0.99 score. Based on the finding, MAIDAM generated RM1.29 for every ringgit spent making it the most efficient institution. Whereas MAIM appeared to be the worst of all at RM0.99 for every ringgit expended, which was the most inefficient. Thus, it shows

that the total expenses and income are not slightly difference from another. However, even though every SIRC Institution has shown a similar pattern with ratios higher than "1" but lower than "2," it is indicating that they may only need to gather a sufficient surplus to distribute to beneficiaries or strengthen the reserve to account for financial difficulty.

Next, the following table 4.22(b) shows the computed ratios result of the Waqf Resource selected in this study. According to the Table 4.22(b), shows that MAIS get the highest average score with 6.21 score, followed closely by MAIDAM (5.45 score), MAIK (4.61 score), MAINPP (1.58 score), Whereas the least score is MAIM with 1.26 score. Based on the finding, MAIS generated RM6.21 for every ringgit spent making it the most efficient institution. In other words, the institution is able to generate income from its core activities 621% from the total expenses. It must be noted that its revenue drivers were waqf share, rental from waqf land, current account, mudarabah and others. Whereas MAIM appeared to be the worst of all at RM1.26 for every ringgit expended, which was the most inefficient.

Table 4.22(b) Operating Income (OI) – Waqf Resource

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS
2010	3.06				2.63
2011	12.65				3.27
2012	2.58		8.95		6.30
2013	14.22	2.06	4.68		14.31
2014	4.60	1.13	5.39		11.94
2015	4.72	1.31	8.06	1.55	1.70
2016	3.63	1.56	3.93	1.01	4.86
2017	2.38	1.60	2.45	1.08	1.86
2018	4.86	2.12	1.86	1.30	4.95
2019	1.77	1.27	1.54	1.36	10.28
Average score	5.45	1.58	4.61	1.26	6.21

Operating Margin (OM)

Operating margin (OM) ratio is calculated using net income (or loss) divided by total revenue. It is Show the organization is financially stable if the ratio is high. The higher it is, the greater the opportunity for the SIRC Institution and Waqf Resource will be able to utilize the surplus in the event that future revenue declines. Therefore, a SIRC Institution and Waqf resource will be financially stable if it has a high operating margin.

Based on the Table 4.23(a), MAIDAM had the highest average score at 19.13% then was followed by MAINPP at 14.37%, MAIWIP at 13.61% and MAIS at 10.69%. Whereas, MAIPk, MAIK and MAIM all had a percentage below 10%. Nonetheless, the results show that these SIRC Institution seem to be financially sustainable based on the positive ratios.

Table 4.23(a) Operating Margin (OM) – SIRC Institution

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
2010	0.245	0.058			0.12	0.14	0.22
2011	0.350	0.204			0.07	0.08	0.19
2012	0.304	0.175	0.07		0.14	0.20	0.02
2013	0.490	0.320	0.09		0.13	0.10	0.24
2014	0.496	0.183	-0.03		0.01	-0.03	0.12
2015	0.174	0.005	-0.10	-0.02	-0.05	-0.08	-0.15
2016	-0.011	0.102	-0.01	-0.05	0.02	0.10	0.12
2017	-0.128	0.080	0.05	0.06	0.37	0.04	0.18
2018	- 0.021	0.185	0.05	-0.02	0.19	0.02	0.23
2019	0.015	0.125	0.05	0.00	0.08	0.03	0.18
Average score	19.13%	14.37 %	2.07 %	- 0.73 %	10.69 %	6.09 %	13.61%

Next, for Waqf Resource, finding on the Table 4.23(b) show that MAIS had the highest score which is at 73.71% then was followed by MAIDAM at 72.40%, and next by MAIK at 68.94%. Whereas, MAINPP and MAIM had a percentage below 50%.

Nonetheless, the results show that these SIRC Institution seem to be financially sustainable based on the positive ratios.

Table 4.23(b) Operating Margin (OM) – Waqf Resource

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS
2010	0.67				0.62
2011	0.92				0.69
2012	0.61		0.89		0.84
2013	0.93	0.51	0.79		0.93
2014	0.78	0.12	0.81		0.92
2015	0.79	0.24	0.88	0.36	0.41
2016	0.72	0.36	0.75	0.01	0.79
2017	0.58	0.38	0.59	0.08	0.46
2018	0.79	0.46	0.46	0.23	0.80
2019	0.43	0.21	0.35	0.27	0.90
Average score	72.40 %	32.51%	68.94%	18.90%	73.71%

Income Growth (IG)

Income growth (IG) ratio is calculated using income year (n) minus income year (n-1) divided by income year (n-1). It is portraying the extent to which the organization is able to generate income from its activities from time to time. The higher IG show that the institution performs better in managing the assets to generate income.

Based on the Table 4.24(a), MAIK had the highest average score at 15.127 then was followed by MAIDAM at 4.888, MAIWIP at 3.925 and MAIS at 2.494. Whereas, MAIM and MAIPk score at 0.440 and 0.055 respectively. The negative income growth of MAINPP puts this SIRC severely risk and may signal a financial sustainability crisis. Furthermore, finding for Waqf Resources (Table 4.24(b)) show that the financial performance based on IG ratios, the result is fluctuated from time to time and could be

considered as high. In addition, there is negative result or negative income growth which may signal a financial sustainability crisis.

Table 4.24(a) Income Growth Ratio – SIRC Institution

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
2010	-3.697	-0.462			0.76	0.70	-6.92
2011	2.581	1.293			-0.91	-2.02	15.07
2012	38.868	-45.888	0.00		1.67	1.55	-0.17
2013	2.149	1.712	3.41		22.64	-1.33	1.09
2014	7.759	-1.249	0.28		-0.06	0.22	-1.17
2015	-0.471	-0.025	1.43	-	0.90	1.32	0.57
2016	0.063	1.043	-0.07	1.36	0.32	0.53	0.45
2017	1.077	-3.287	0.89	0.54	1.05	-0.64	2.44
2018	0.135	1.584	10.85	0.30	-1.13	-1.75	4.40
2019	0.414	-2.158	104.23	0.00	-0.28	1.97	23.49
Average score	4.888	-4.744	15.127	0.440	2.494	0.055	3.925

Table 4.24(b) Income Growth Ratio – Waqf Resource

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS
2010	-0.79				-2.02
2011	1.60				2.32
2012	-1.93		-		1.83
2013	2.36	2.01	4.73		2.50
2014	-35.35	-0.22	-5.60		4.25
2015	-36.64	1.74	1.89	-	-0.65
2016	2.95	1.92	6.07	-0.04	1.81
2017	-6.11	21.14	-0.57	1.16	-1.46
2018	3.74	2.61	4.03	1.62	1.89
2019	-2.14	-0.45	-1.67	6.31	1.27
Average score	-7.23	4.11	1.11	1.81	1.17

Operational Ratio

Cash Availability (CA)

Cash availability (CA) ratio is calculated using cash and bank balances to total assets. CA portray the amount of idle cash and bank balances. The higher the cash availability indicates that the institution keeps or maintain high amount of idle cash.

Based on the Table 4.25(a), MAINPP had the highest average score for CA ratio with 0.389 score then was followed by MAIM, MAIS, MAIWIP, MAIDAM, MAIPk and MAIK with average score of 0.225, 0.153, 0.127, 0.100, 0.095 and 0.076 respectively. The highest score shows that the SIRC Institution keeps high amount of cash rather than invest it to generate more incomes. Thus, in order generate income, most of the capital need investment rather than kept in cash form. Moreover, finding for Waqf Resources as shown on Table 4.25(b) indicate that MAINPP got higher score at 0.43, followed by MAIDAM with 0.31 score, next by MAIM 0.23 and MAIS at 0.17 score. The least score is MAIK with 0.01 score. It is portraying that MAIK did not keeps or maintain idle cash instead of invested the cash to generate more income which is in line with investment management.

Table 4.25(a) Cash Availability (CA) – SIRC Institution

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
2010	0.115	0.245			0.14	0.18	0.18
2011	0.114	0.227			0.13	0.15	0.17
2012	0.165	0.278	0.08		0.11	0.21	0.19
2013	0.093	0.261	0.08		0.16	0.03	0.25
2014	0.077	0.298	0.07		0.37	0.04	0.10
2015	0.042	0.190	0.06	0.32	0.14	0.03	0.09
2016	0.062	0.575	0.04	0.17	0.23	0.16	0.05
2017	0.108	0.568	0.05	0.21	0.08	0.04	0.05
2018	0.107	0.620	0.11	0.19	0.08	0.04	0.10
2019	0.115	0.626	0.11	0.25	0.08	0.07	0.09
Average score	0.100	0.389	0.076	0.225	0.153	0.095	0.127

Table 4.25(b) Cash Availability (CA) – Waqf Resource

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS
2010	0.26				0
2011	0.28				-
2012	0.32		-		0.06
2013	0.35	0.13	-		0.25
2014	0.23	0.17	-		0.18
2015	0.25	0.10	0.00	0.18	0.30
2016	0.34	0.65	0.01	0.22	0.23
2017	0.35	0.66	0.01	0.28	0.19
2018	0.38	0.65	0.01	0.25	0.21
2019	0.35	0.65	0.01	0.23	0.28
Average score	0.31	0.43	0.01	0.23	0.17

Return On Investment (ROI)

Return on investment (ROI) ratio is calculated by investment income to average investment. It is portrayed that the return of investment on asset or waqf assets. In other words, it is a measure of how much is realized on each unit of money invested. This efficiency measurement has no particular baseline. Efficiency is typically shown by a higher proportion, which suggests that wise investment choices were made. Based on the findings of this measure, most of the SIRC institutions were unable to achieve returns more than 20% except for MAIWIP with 40.65 score. This is depicted in Table 4.26(a) below.

Table 4.26(a) Return on Investment (ROI) – SIRC Institution

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
2010	0.055	-			0.05	0.40	0.16
2011	0.054	0.208			0.09	0.30	0.16
2012	0.077	0.144	0.22		0.13	0.06	0.44
2013	0.068	0.165	0.31		0.09	0.17	0.66
2014	0.051	0.039	0.02		0.24	0.12	0.75
2015	0.064	0.028	0.08	0.19	0.30	0.09	0.91

Year	MAIDAM	MAINPP	MAIK	MAIM	MAIS	MAIPk	MAIWIP
2016	0.080	0.279	0.07	0.03	0.19	0.32	0.15
2017	0.079	0.210	0.04	0.11	0.10	0.14	0.12
2018	0.573	0.233	0.01	0.10	0.18	0.05	0.54
2019	0.267	0.378	0.12	0.01	0.21	0.12	0.18
Average score	13.67%	16.84%	11.04%	8.78%	15.77%	17.63 %	40.65%

Table 4.26(b) Return on Investment (ROI) - Waqf resource

Year	MAIDAM	MAINPP	MAIM	MAIS
2010	0.00			0.01
2011	0.02			0.01
2012	0.03			0.02
2013	0.03	0.06		0.02
2014	0.02	0.07		0.00
2015	0.03	0.06	0.01	0.00
2016	0.03	0.90	0.01	0.01
2017	0.03	0.98	0.02	0.00
2018	0.03	1.26	-	0.00
2019	0.03	0.98	0.01	0.00
Average score	2.57%	61.44%	1.04%	0.92%

Comparatively, the MAIWIP has the highest (40.65%), followed by MAIPk (17.63%), with the closest being MAINPP (16.84%), MAIS (15.77%), MAIDAM (13.67%) and MAIK with 11.04%. Whereas, the lowest being MAIM (8.78%). These percentages could indicate that management made poor investment choices in an attempt to maximize returns on investment. The reason could be that they were risk-averse (Maliah et al., 2009). One of the advantages of the risk-averse strategy (investing in fixed deposits and Mudarabah) is that it protects the waqf fund from diminishing.

4.4.3.5.2 Reporting Quality Disclosure and Performance

With reference to research question three, the researchers' objective is to determine the impact of current waqf disclosure practices on SIRC Institution Performance and Waqf Resource Performance. The empirical finding discuss in Table 4.27 and Table 4.28 reports the results of the random effects model (REM) to determine the impact of current waqf disclosure practices on SIRC Institution Performance and Waqf Resource Performance which is the pooled data of SIRC Institution and Waqf Resource. Thus, in order to measures the performance, this study is using financial performance and operational performance ratio.

Model 1a and 1b: The Impact of WRDI on SIRC Institution Financial Performance and Operational Performance.

According to regression model 1a and 1b, this study is to determine the impact of WRDI on SIRC Institution performance measured by financial performance (H1a) and operational performance (H1b). This regression model will test the hypothesis H1a to H1b below:

- H1 There is a significant positive impact of WRDI on SIRC Institution Financial Performance and Operational Performance
 - H1a (i) There is a significant positive impact of WRDI on Equity Balance (Financial Performance).
 - H1a(ii) There is a significant positive impact of WRDI on Revenue Concentration (Financial Performance).
 - H1a(iii) There is a significant positive impact on WRDI of Operating Income (Financial Performance).

H1a(iv) There is a significant positive impact of WRDI on Operating Margin (Financial Performance).

H1a(v) There is a significant positive impact of WRDI on Income Growth (Financial Performance).

H1b (i) There is a significant positive impact of WRDI on Cash Availability (Operational performance).

H1b(ii) There is a significant positive impact of WRDI on Return on Investment (Operational performance).

As seen in Table 4.27(a), the finding for SIRC Institution, the coefficient of WRDI (quantitative disclosure) is 0.111 and it is positive and significant at $p < 0.01$. Based on this coefficient, 1 unit increase in the quantitative disclosure will increase operating income (financial performance) by 11.1%. Besides, the coefficient of WRDI (quantitative disclosure) and operating margin ratio (financial performance) is 0.015 and shows positive significant result at $p < 0.01$, it shows that, 1 unit increase in quantitative disclosure will increase operating margin (financial performance) by 1.5%. Table 4.27(a) also denotes that some control variables can explain institution performance. Based on the table, one of the control variables are statistically significant. For instance, this study finds that SIRC Institution with more liquidity have higher WRDI (quantitative disclosure) with coefficient of 0.015 at the $p < 0.05$ significance level. Thus, this finding supported hypothesis H1a(iii) (There is a significant effect between WRDI Index and operating income (OI) ratio on SIRC financial performance) and H1a(iv) (There is a significant effect between WRDI Index and operating margin (OM) ratio on SIRC financial performance). Other than that, the other control variables, such as institution size, and leverage show statistical insignificant coefficient, as well as for WRDI (qualitative disclosure) and financial performance. Therefore, hypothesis H1a(i), H1a(ii), and H1a(v) are not supported.

Whereas, the coefficient of WRDI (quantitative disclosure) with operational performance is 0.007 and it is positive and significant at $p < 0.05$. Meaning that, this

coefficient portrays 1 unit increase in the quantitative disclosure will increase return on investment ratio (operational performance) by 0.7%. Meanwhile, one of the control variables which is liquidity are statistically significant at the $p < 0.01$. This study finds that SIRC Institution with more liquidity have higher WRDI (quantitative disclosure) with coefficient of 0.014. Thus, this finding support hypothesis H1b(ii)(There is a significant impact between WRDI and return on investment (ROI) ratio on SIRC operational performance. However, the result for WRDI (qualitative disclosure) and operational performance show statistical insignificant coefficient, as well as for institution size and leverage. Meanwhile the hypothesis H1b(i)(There is a significant positive impact between WRDI and cash availability (CA) ratio on SIRC operational performance are not supported.

Table 4.27(a) Static Panel Regression Results of WRDI and SIRC Performance

Variable	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
Qualitative disclosure	-0.0066 (-0.60)	0.0009 (-1.400)	0.00 (0.280)	0 (0.090)	0.043 (0.210)	-0.001 (-1.120)	-0.002 (-1.490)
Quantitative disclosure	-0.020 (-0.83)	0.001 (0.900)	0.011*** (2.990)	0.015*** (5.220)	0.278 (0.550)	0 (-0.120)	0.007** (2.130)
Size	0.232 (0.97)	0.000 (-0.000)	-0.860 (-1.57)	-0.02 (-0.600)	-5.198 (-1.050)	-0.008 (-0.230)	0.057 (1.750)
Liquidity	0.019 (0.71)	-0.001 (-0.39)	0.015** (2.500)	0.001 (0.280)	0.001 (0.000)	0.002 (0.540)	0.014*** (3.850)
Leverage	-6.856 (-1.32)	0.213 (0.430)	-0.283 (-0.27)	-0.722 (-1.060)	-48.024 (-0.500)	0.725 (1.050)	0.619 (0.880)
Constant	-1.276 (-0.26)	0.657 (1.210)	2.319** (2.110)	0.161 (0.240)	97.575 (0.940)	0.334 (0.460)	-1.146 (-1.740)
F - test	14.183 (0.014)**	3.250 (0.661)	18.343 (0.003)**	30.227 (0.000)***	1.749 (0.883)	3.224 (0.665)	35.167 (0.000)***
R - squared	0.208	0.014	0.261	0.389	0.036	0.258	0.399

Note: *, **, *** represent the significance at level $p < 0.1$, $p < 0.05$, $p < 0.01$.

Table 4.27(b) Summary Hypothesis H1a to H1b

Hypothesis	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
H1a	×	×	√	√	×	-	-
H1b	-	-	-	-	-	×	√

Note: √ represent the significance and supported, × not supported the hypothesis.

Model 2a and 2b: The Impact of WRDI on Waqf Resource Financial Performance and Operational Performance.

Model 2a and 2b are represent the hypothesis H2a to H2b for Waqf Resource Performance as stated below:

H2 There is a significant positive impact of WRDI on Waqf Resource Financial Performance and Operational Performance

H2a (i) There is a significant positive impact of WRDI on Equity Balance (Financial Performance).

H2a(ii) There is a significant positive impact of WRDI on Revenue Concentration (Financial Performance).

H2a(iii) There is a significant positive impact of WRDI on Operating Income (Financial Performance).

H2a(iv) There is a significant positive impact of WRDI on Operating Margin (Financial Performance).

H2a(v) There is a significant positive impact of WRDI on Income Growth (Financial Performance).

H2b (i) There is a significant positive impact of WRDI on Cash Availability (Operational performance).

H2b(ii) There is a significant positive impact of WRDI on Return on Investment (Operational performance).

According to Table 4.28(a), the finding for Waqf Resource performance, the coefficient of WRDI (qualitative disclosure) is 0.01 and it is positive and significant at $p < 0.01$. Based on this coefficient, 1 unit increase in the WRDI (qualitative disclosure) will increase operating margin ratio (financial performance) by 1%. Besides, Table 4.28(a) also denotes one of the control variables are statistically significant. This study finds that Waqf Resource with large institution size have higher WRDI (qualitative disclosure) with coefficient of 0.211 at the $p < 0.01$ significance level. Thus, this finding supported hypothesis H2a(iv) (There is a significant effect between WRDI and operating margin (OM) ratio on Waqf resource financial performance. Other than that, the other control variables, such as liquidity, and leverage show statistical insignificant coefficient, as well as for WRDI (quantitative disclosure) and financial performance. Therefore, hypothesis H2a(i), H2a(ii), H2a(iii) and H2a(v) are not supported.

Whereas, the coefficient of WRDI (qualitative disclosure) with operational performance is 0.015 and it is positive and significant at $p < 0.1$. Meaning that, this coefficient portrays 1 unit increase in the WRDI (qualitative disclosure) will increase return on investment ratio (operational performance) by 1.5%. Meanwhile, one of the control variables which is waqf resource size are statistically significant at the $p < 0.01$. This study finds that Waqf Resource with large size have higher WRDI (qualitative disclosure) with coefficient of 0.171 ($p < 0.05$) and 0.586 ($p < 0.01$) respectively for cash availability ratio and return on investment ratio (operational performance). Thus, this finding support H2b(ii) (There is a significant impact between WRDI and return on investment (ROI) ratio on Waqf resource operational performance). However, the result for WRDI (quantitative disclosure) and operational performance shows statistical insignificant coefficient, as well as for control variable which is liquidity and leverage. Meanwhile the hypothesis H2b(i) (There is

a significant impact between WRDI and cash availability (CA) ratio on Waqf resource operational performance are not supported.

Table 4.28(a) Static Panel Regression Results of WRDI on Waqf Resource Performance

Variable	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
Qualitative disclosure	-2.692 (-1.210)	-0.002 (-0.540)	0.022 (0.350)	0.01*** (2.880)	-0.053 (-0.380)	-0.002 (-0.910)	0.015* (1.950)
Quantitative disclosure	-8.106 (-1.630)	0.003 (0.430)	-0.227 (-1.640)	-0.002 (-0.240)	0.13 (0.480)	-0.001 (-0.300)	0.008 (0.380)
Size	32.978 (0.720)	0.078 (1.260)	1.776 (1.380)	0.211*** (3.000)	4.784* (1.830)	0.171** (2.460)	0.586*** (3.820)
Liquidity	-177.85 (-3.280)	0.084 (1.160)	-2.126 (-1.400)	-0.095 (-1.140)	2.64 (0.880)	0.001 (0.010)	-0.058 (-0.270)
Leverage	-167.468 (-1.180)	-0.397 (-2.100)	2.605 (0.660)	0.351 (1.630)	8.409 (1.030)	0.076 (0.450)	0.058 (0.130)
Constant	169.5 (0.190)	-0.898 (-0.740)	-15.497 (-0.610)	3.486** (-2.500)	91.646* (-1.750)	2.06* (-2.060)	10.71*** (-3.450)
F - test	33.991 (0.000)***	8.036 (0.154)	15.438 (0.009)**	26.288 (0.000)***	4.524 (0.477)	1.679 (0.157)	22.099 (0.001)***
R - squared	0.576	0.243	0.328	0.513	0.159	0.286	0.525

Note: *, **, *** represent the significance at level $p < 0.1$, $p < 0.05$, $p < 0.01$.

Table 4.28(b) Summary Hypothesis H2a to H2b

Hypothesis	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
H2a	×	×	×	√	×	-	-
H2b	-	-	-	-	-	×	√

Note: √ represent the significance and supported, × not supported the hypothesis.

Model 3a and 3b: The Impact of TWRDI on SIRC Institution Financial Performance and Operational Performance.

Model 3a and 3b are created to determine the impact of TWRDI on SIRC Institution performance measured by financial performance and operational performance ratio. TWRDI portray the total or combination of qualitative disclosure and quantitative disclosure index to seek the robustness. This model represents the hypothesis H3a to H3b below:

- H3 There is a significant positive impact of TWRDI on SIRC Institution Financial and Operational performance.
- H3a (i) There is a significant positive impact of TWRDI on Equity Balance (Financial Performance).
- H3a(ii) There is a significant positive impact of TWRDI on Revenue Concentration (Financial Performance).
- H3a(iii) There is a significant positive impact of TWRDI on Operating Income (Financial Performance).
- H3a(iv) There is a significant positive impact of TWRDI on Operating Margin (Financial Performance).
- H3a(v) There is a significant positive impact of TWRDI on Income Growth (Financial Performance).
- H3b (i) There is a significant positive impact of TWRDI on Cash Availability (Operational performance).
- H3b(ii) There is a significant positive impact of TWRDI on Return on Investment (Operational performance).

Based on the result on Table 4.29(a), the result of the TWRDI and SIRC Institution performance show that the coefficient of TWRDI with operating margin ratio (financial performance) is 0.002 and it is positive and significant at 1%. Meaning that, this coefficient portrays 1 unit increase in the TWRDI will increase operating margin ratio (financial performance) by 0.2%. Meanwhile, the control variables which is liquidity are statistically significant at the $p < 0.05$ and $p < 0.01$ for financial performance and operational performances with coefficient 0.013 and 0.015 respectively. Thus, this finding supported hypothesis H3a(iv); There is a significant positive impact of TWRDI on operating margin (OM) ratio on SIRC financial performance.

Table 4.29(a) Static Panel Regression Results of TWRDI and SIRC Institution Performance

Variable	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
TWRDI	-0.008 (-0.770)	0.001 (1.600)	0.002 (1.160)	0.002* (1.660)	0.071 (0.370)	-0.001 (-1.080)	-0.001 (-0.540)
Size	0.504 (1.130)	0.002 (0.070)	-0.077 (-1.540)	-0.016 (-0.370)	-5.765 (-1.220)	0.003 (0.060)	0.047 (1.390)
Liquidity	0.038 (0.850)	-0.001 (-0.440)	0.013** (2.370)	0.001 (0.230)	0.007 (0.020)	0.004 (0.910)	0.015*** (4.020)
Leverage	13.776 (1.620)	0.185 (0.380)	-0.184 (-0.190)	-0.427 (-0.480)	-50.631 (-0.530)	-0.311 (-0.380)	0.866 (1.180)
Constant	-8.167 (-0.930)	0.632 (1.180)	2.392** (2.400)	0.394 (0.440)	114.657 (1.200)	0.166 (0.190)	-0.781 (-1.150)
F - test	1.005 (0.453)	3.174 (0.529)	10.810 (0.029)**	3.713 (0.446)	1.581 (0.812)	0.622 (0.788)	25.351 (0.000)***
R - squared	0.076	0.030	0.196	0.087	0.032	0.048	0.319

Note: *, **, *** represent the significance at level $p < 0.1$, $p < 0.05$, $p < 0.01$.

Table 4.29(b) Summary Hypothesis H3a to H3b

Hypothesis	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
H3a	×	×	×	√	×	-	-
H3b	-	-	-	-	-	×	×

Note: √ represent the significance and supported, × not supported the hypothesis.

Model 4a and 4b: The Impact of TWRDI on Waqf Resource Financial Performance and Operational Performance.

Model 4a and 4b represent the hypothesis H4a to H4b to seek the impact of TWRDI on Waqf Resource Performance which measured by financial performance and operational performance ratio.

H4 There is a significant positive impact of TWRDI on Waqf Resource Financial Performance and Operational Performance

H4a (i) There is a significant positive impact of TWRDI on Equity Balance (Financial Performance).

H4a(ii) There is a significant positive impact of TWRDI on Revenue Concentration (Financial Performance).

H4a(iii) There is a significant positive impact of TWRDI on Operating Income (Financial Performance).

H4a(iv) There is a significant positive impact of TWRDI on Operating Margin (Financial Performance).

H4a(v) There is a significant positive impact of TWRDI on Income Growth (Financial Performance).

H4b (i) There is a significant positive impact of TWRDI on Cash Availability (Operational performance).

H4b(ii) There is a significant positive impact of TWRDI on Return on Investment (Operational performance).

Based on the result on Table 4.30(a), the result of the TWRDI and Waqf Resource performance show that the coefficient of TWRDI with financial performance for operating margin ratio is 0.008 and it is positive and significant at $p < 0.05$. Meaning that, this coefficient portrays 1 unit increase in the TWRDI will increase operating margin ratio (financial performance) by 0.8%. Besides, the coefficient of TWRDI and operational performance (return on investment ratio) is 0.014 and shows positive significant result at $p < 0.05$, it shows that, 1 unit increase in TWRDI will increase financial performance by 1.5% on return on investment. Besides, the coefficient of TWRDI and equity balance ratio is -3.647 and shows negative significant result at $p < 0.1$, suggesting that as TWRDI less by 1%, the Equity balance decreases by 3.647. Meanwhile, the control variables which is size are statistically significant at the $p < 0.01$ and $p < 0.1$ for financial performance with coefficient 0.234 (OM) and 4.537 (IG) respectively. Thus, this finding supported hypothesis H4a (i) (There is a significant positive impact of TWRDI on equity balance (EB) ratio on Waqf resource financial performance), hypothesis H4a(iv) (There is a significant positive impact of TWRDI on operating margin (OM) ratio on Waqf resource financial performance) and hypothesis H4b(ii) (There is a significant positive impact of TWRDI on return on investment (ROI) ratio on Waqf resource operational performance).

Table 4.30(a) Static Panel Regression Results of TWRDI and Waqf Resource Performance

Variable	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
TWRDI	-3.647* (-1.820)	-0.001 (-0.310)	0.002 (0.030)	0.008** (2.490)	-0.013 (-0.110)	-0.002 (-0.980)	0.014** (2.000)
Size	43.464 (0.970)	0.069 (1.170)	0.654 (0.310)	0.234*** (3.360)	4.537* (1.780)	0.17** (2.520)	0.599*** (4.140)
Liquidity	-185.748*** (-3.460)	0.091 (1.280)	-0.244 (-0.120)	-0.111 (-1.340)	2.904 (1.000)	0 (0.000)	-0.049 (-0.230)
Leverage	-209.038 (-1.550)	-0.363 (-2.040)	6.596 (1.280)	0.263 (1.250)	10.096 (1.330)	0.08 (0.480)	0.023 (0.050)
Constant	-100.124 (-0.120)	-0.676 (-0.590)	-5.638 (-0.150)	-4.062*** (-3.010)	-85.045* (-1.690)	-2.619** (-2.120)	-11.117*** (-4.010)
F - test	33.066	7.859	0.474	23.581	4.289	2.192	8.658
	(0.000)***	(0.097)*	(0.861)	(0.000)***	(0.368)	(0.069)*	(0.070)*
R - squared	0.560	0.232	0.079	0.476	0.146	0.285	0.250

Note: *, **, *** represent the significance at level $p < 0.1$, $p < 0.05$, $p < 0.01$.

Table 4.30(b) Summary Hypothesis H4a to H4b

Hypothesis	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
H4a	√	×	×	√	×	-	-
H4b	-	-	-	-	-	×	√

Note: √ represent the significance and supported, × not supported the hypothesis.

Table 4.31 Summary of Hypothesis

Hypothesis	Financial Performance					Operational Performance	
	EB	RC	OI	OM	IG	CA	ROI
H1a	×	×	√	√	×	-	-
H1b	-	-	-	-	-	×	√
H2a	×	×	×	√	×	-	-
H2b	-	-	-	-	-	×	√
H3a	×	×	×	√	×	-	-
H3b	-	-	-	-	-	×	×
H4a	√	×	×	√	×	-	-
H4b	-	-	-	-	-	×	√

Note: √ represent the significance and supported, × not supported the hypothesis.

4.5 CHAPTER SUMMARY

This chapter discusses the results of the analyses performed on the data collected based on the objectives of this study. The chapter discussed the findings of the study using document/content analysis of the annual audited financial statements of the SIRC Institution and Waqf Resource. How the research objective was examined to formulate answers to the research questions was also explained. The performance of SIRC Institution and Waqf Resource are using Random Effect Model (REM) approaches. Based on the analysis for quantitative disclosure, financial statement information disclosure element (SOI, SOFP and OFS) was the highest disclosure practice by SIRC institutions and waqf resource.

In overall, MAIWIP is leading in quantitative waqf disclosure with 64% (378 out of 590) disclosure practices. Whereas, for qualitative reporting disclosure practices scores, MAIWIP is leading in qualitative reporting disclosure with 523 score. Then followed by MAIPk with 475 scores, followed closely by MAIS with 474 scores, next by MAIDAM with 406 score, MAINPP with 267 score, MAIK with 266 scores and finally by MAIM which scored 210. It is occurred due to missing publish annual report on some year and some of them did not prepare the annual report. It is unavoidable that these institutions will need to enhance their waqf disclosure practice in the future. Most of the SIRC institution

more focus on disclosed the financial statements information part which is the higher score among the other elements. However, there is need improvement to make it comparable between the SIRC institution.



CHAPTER FIVE

CONCLUSION, RECOMMENDATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

5.1 INTRODUCTION

This is the final chapter of this research. It will explain the results of the research questions. This chapter concludes the study, provides recommendations, and offers suggestions for future studies. This chapter is organized into six sections. Section 5.2 summarizes the results. Section 5.3 explains the contributions of the study. Section 5.4 presents the limitations of the study. Section 5.5 offers recommendations from the results. Section 5.6 offers suggestions for future research. Finally, section 5.7 concludes this research.

5.2 SUMMARY OF FINDING

To sum up the results of various analyses performed on the data collected, this section divides the discussion into three main subsections based on the research objectives. Subsection 5.2.1 and 5.2.2 summarizes the discussion on objective one and objective two, which focus on the current disclosure level (quantitative disclosure) and the qualitative disclosure practice of waqf in SIRC reporting. Finally, subsection 5.2.3 highlights the discussion on objective four that focus to determine the impact of WRDI (quantitative and qualitative disclosure index) on SIRC Institution performance and Waqf resource. This study is using sequential exploratory designs which consist of qualitative (objective one and objective two) and quantitative (objective three) method by using content analysis approach. This study focusing on seven selected SIRC Institution covering ten years annual report and financial statements begin on 2010 to 2019 (unbalanced data).

5.2.1 Quantitative Disclosure Level (Objective One)

The objective one that formulated for this study is to assess comparative current disclosure levels of waqf among selected SIRC's reporting practices based on their relevant statutory requirements and policy disclosures. Current disclosure level is measuring by referring to quantitative information disclosure. First of all, as mentioned in chapter four, quantitative information disclosure in this study consists of corporate information (CI), strategic information (SI), financial performance information (FPI), financial statements information (FSI) and nonfinancial performance information (NFP). Each of these waqf disclosure components has a unique set of items that serve as indicators. The division of this information disclosure (quantitative disclosure index) was adopted by Masruki et al. (2016), portrays the total number of disclosure item in the report. The main focus of this study is on each waqf disclosure aspect, which is how the data are presented in these institutions.

The assessment of information disclosure covers financial and non-financial element. Based on the finding of this study in chapter 4, most SIRC institutions having good disclosure practices by refers to the most 50 percent of the item are disclosed. However, most of the SIRC institution more focus on disclosed the financial statements information which included statement of financial position (SOFP), statement of comprehensive income (SOCI), other financial statement (OFS) part which is the higher score among the other elements. Then, followed by corporate information, strategic information, next by financial performance information and finally by non-financial performance information. This result is parallel with the finding of Kamarudin et al. (2018).

Although that, based on the finding analysis, the presentation of the SIRC reporting still need to be improve to make it comparable with other SIRC Institution. Even though they are using same accounting standard. For instance, in term of the presentation of statement of comprehensive income (SOCI), there is the item of revenue or income are not standardized between the SIRC Institution which make it difficult to comparable. Comparable is one of the qualitative characteristics for financial statement which being

assess in objective two. It is one of the characteristics that enhance the good quality reporting disclosure or information disclosure to the users.

Furthermore, the finding from Zainon et al. (2012) highlight that disclosure information on strategic information which include the element of vision, mission, core values, statements on the objectives, budget, strategic planning, planned future activities, and targeted future donations are seen as important information by the donor to be disclosed. Thus, it is indirectly would enhance donor or stakeholder trust to the SIRC Institution or mutawalli.

Other that, among seven SIRC Institution, MAIWIP leads in waqf disclosure, closely followed by MAIPk, MAIDAM, MAIS, MAINPP, MAIK, and MAIM. Most SIRC institutions disclose over 50% of indicators, except MAINPP, MAIK, and MAIM, likely due to missing or unpublished annual reports. However, there are still need some improvement in their reporting practices either on financial or nonfinancial information elements to make it comparable between the SIRC institution. Moreover, in term of waqf accounting information disclosure, which the SOCI for waqf and SOFP for waqf item measured only disclosed by MAIDAM, MAINPP and MAIS. Whereas, MAIK and MAIPk only disclose on SOCI for waqf item. Thus, SIRC institutions must improve waqf disclosure for better transparency. It is crucial for SIRC institutions to have sound waqf disclosure practices because they deal with a variety of stakeholders and are held accountable by both parties either internal group and external groups.

Disclosure will ultimately improve the confidence of stakeholders and enhance the legitimacy of SIRC in terms of social acceptance. Disclosure not only increases transparency but it will encourage trust for future contribution by donor (Abdul Wahab et al., 2022; Sulaiman et al., 2023). Disclosure of information is necessary for all organizations to provide information and be accountable to their stakeholders, in which stakeholders will then assess the organizations' efficacy and performance.

5.2.2 Qualitative Disclosure Practice (Objective Two)

The objective two, which is to evaluate quality disclosure practices of waqf in SIRC's reporting based on the international reporting standards and requirements intended for special purpose public entities such as SIRC's. The assessment of qualitative waqf disclosure practices are measures using waqf reporting disclosure index (WRDI). The qualitative disclosure index items are based on the conceptual framework of the International Financial Reporting Standards (IFRS), namely relevance, faithful representation, understandability, comparability and timeliness. The reporting qualitative disclosure instrument index (WRDI) have been developed through modification, adaption, adoption to make it suitable with SIRC's background. This instrument index has done the question data validation with existing reporting by comparing with two SIRC Institution. On the validation, the presentation was conducted with three accounting and finance experts. The achievement of content validation is calculated using the PCM method as suggested by Tuckman and Waheed (1981). To achieve this objective a content analysis study was undertaken to assess and evaluate the quality reporting practice to which the underneath attributes of the various qualitative characteristics enhance the quality of financial reporting.

According to the analysis, understandability having potentials of enhancing the quality reporting with an average mean score of 4.6, followed by faithful representation and relevance with average mean score 3.7, and 2.8 respectively. Whereas comparability and timeliness record the average mean score 2.7. Thus, in other words, to enhance the quality reporting disclosure, it is must have understandability characteristic. When the reporting is understandable, it will enhance the quality of the reporting (Masruki et al.,2018; Mbobo, 2016; Van Beest et al., 2009) since the user or stakeholder able to get clear information needed. Other that, the finding result study by Yurisandi and Puspitasari (2015) also highlight that the quality characteristic of faithful representation, relevance, comparability, understandability and timeliness has increase the financial reporting quality.

While, the highest element are the highlighted CSR disclosure events followed by the type of audit opinion or auditor's report, the presence of annual report presentation in

user friendly, annual report information comparable to others SIRC's, notes to the account in financial statements are sufficient and clear, as well as information which explains the information on State Governance Council (SGC) affairs also enhance the quality of reporting to a great extent. This finding is supported by (Van Beest et al.,2013) which highlight in their study that by providing high-quality information it can positively impact decision-making about investments, credit, and resource allocation that may improve the efficiency of the capital market overall made by current and potential capital providers as well as other stakeholders.

According to the finding result in chapter four, MAIWIP is leading in qualitative reporting disclosure with 523 score. Then followed by MAIPk with 475 scores, followed closely by MAIS with 474 scores, next by MAIDAM with 406 score, MAINPP with 267 score, MAIK with 266 scores and finally by MAIM which scored 210. However, MAINPP, MAIK and MAIM got less than 50 percent of the score due to missing publish annual report on some year and some of them did not prepare the annual report. Thus, only financial information part is able to access and be evaluate.

The qualitative disclosure reporting score shows how trustworthy the information is to increase donor or stakeholder trust, as well as how helpful the information is for decision-making. If SIRC discloses quality reporting data for users, it illustrates the institution's accountability. As a result, since no information is withheld or absent from stakeholders or donors, trust between them will raise.

5.2.3 The Impact of Current Waqf Disclosure Practices on SIRC Performance and Waqf Resource Management (Objective Three)

To answer research question three, the objective of the study (RO3) is to determine the impact of current waqf disclosure practices (WRDI) on SIRC Institution performance and Waqf resource performance management. In order to achieved RO3, this study uses the index derived from RO1 and RO2 as the independent variable (WRDI). The sample size for SIRC Institution Performance Management consist of seven SIRC Institution, whereas

the sample size for Waqf Resources performance consist of five SIRC Institution. The other two SIRC Institution could not be evaluated because of inadequate disclosure of information for the required variables as well as they are not implementing separate accounting for waqf resource. This study is using static panel model to test the effect. The most appropriate estimation model of the three alternative regression specification is chosen based on the result from POLS, BPLM and Hausman test. Thus, based on the results of the POLS, BPLM and Hausman test, it can be concluded that of the three alternative regression specifications, the REM is the most appropriate model for this study for SIRC institution Performance and Waqf Resource Performance.

The financial and operational ratios are performance measures of SIRC Institution Performance Management and Waqf Resources Performance. Thus, through the performance measurement it will portray effectiveness and efficiency of SIRC institution and Waqf resources. Five financial performance and two operational performance ratios were used to examine these effect and hypothesis of this study.

According to the result, the finding for SIRC Institution performance (hypothesis 1a), the WRDI (quantitative disclosure) has positive and significant impact with financial performance (operating income ratio and operating margin ratio). Thus, this finding supported hypothesis H1a(iii) (There is a significant positive impact of WRDI on Operating Income (Financial Performance)) and hypothesis H1a(iv) (There is a significant positive impact of WRDI on Operating Margin (Financial Performance)). Whereas, there is positive impact on WRDI (quantitative disclosure) with operational performance (ROI). Thus, this finding support hypothesis H1b(ii) There is a significant positive impact of WRDI on return on investment (ROI) ratio (operational performance). Moreover, the result of the TWRDI and SIRC Institution performance show that the impact of TWRDI with financial performance for operating margin ratio is positive and significant. Thus, this finding supported hypothesis H3a(iv) There is a significant positive impact of TWRDI on operating margin (OM) ratio (financial performance). Thus, it portrays that the quantitative disclosure has impact or influence the operating income, operating margin and return on investment

of the SIRC institution performance. Meaning that, the more information is disclosure to the user will increase the SIRC institution performance.

Meanwhile, the finding for Waqf Resource performance (hypothesis 2a(iv)), the WRDI (qualitative disclosure) has positive and significant impact with operating margin ratio (financial performance). Thus, this finding supported hypothesis H2a(iv) (There is a significant positive impact of WRDI on operating margin (OM) (financial performance)). Whereas, the impact of WRDI (qualitative disclosure) with operational performance (ROI) is positive and significant. Thus, this finding support hypothesis H2b(ii) (There is a significant positive impact of WRDI on return on investment (ROI)(operational performance)). The result of the TWRDI and Waqf Resource performance show that the coefficient of TWRDI with financial performance (operating margin ratio) and operational performance (ROI) is positive and significant. However, there is negative impact of TWRDI and equity balance ratio. Its show that, an institution has to find replacement revenue to survive. Besides, it portrays that the qualitative disclosure has impact or influence the equity balance, operating margin and return on investment of the waqf resource performance. Meaning that, the more quality and beneficial information is disclosure to the user will increase the waqf resource performance.

5.3 CONTRIBUTION OF THE STUDY

5.3.1 Theoretical Contribution to the Body of Knowledge

Firstly, this study contributes theoretically by presenting a better understanding of the effect of information disclosure and performance of SIRC Institution and waqf resource. This study employs legitimacy theory and stewardship theory as a basis. Legitimacy is considered an external perception by the community or stakeholders. Disclosure is one of the ways to solve the problem when organizations face issues of legitimacy (Suchman, 1995). Using the stewardship theory, it is visualizing a reliable person or management looking after something important for another person. According to stewardship theory, managers or mutawalli instinctively take care of an institution's interests as if they were

their own, just as these reliable individuals. They take into account what's best for the business and its stakeholders, including customers and employees, rather than only concentrating on their own personal profit margins. It broadened the present understanding of the relationship between efficiency and effectiveness of SIRC performance by (Shafii et al., 2014; Sulaiman & Zakari, 2015; Arshad & Zain, 2017) examining the others type of information disclosure such as, financial and non-financial information in term of qualitative and quantitative disclosure.

This contributes not only to the field of Waqf, but also to the more general field such as non-profit organization or charity. Other that, this study contributes to theoretically presenting a better understanding of the role of SIRC Institution as a trustee and management of waqf asset. Quality information disclosure is interrelated with transparency and accountability which would increase performance of the institution. Information disclosure is one of the communication tools between institution and the user as well as the stakeholder. Thus, by being transparency, the quality information disclosure will be able to delivered to the user.

5.3.2 Contribution to the Literature

This study has enriched literature on the quality reporting disclosure or information disclosure and the performance of SIRC Institution as well as waqf resource in Malaysia. Previously, empirical evidences discussed on financial and non-financial information performance have not been focusing on quality reporting disclosure (Kamaruddin et al., 2018; Shafii et al., 2014). Thus, study in this area will promote a better understanding on how quality information disclosure will enhance SIRC performance as well as the waqf resource performance. Besides, the result of this study has contributed to the literature on the interaction between the variables. Moreover, this study extends the effect of reporting disclosure on SIRC institution performance and waqf resource performance by developing the reporting quality information disclosure instrument. Then, the instrument being used as qualitative and quantitative information disclosure (WRDI) measurement. This instrument

will be able to use for other non-profit organization or charitable institution as a guideline of information disclosure. Thus, this is be unique feature of the present study.

5.3.3 Methodology Contribution

This study used static panel data by using pooled ordinary least square (POLS) model, random effect model (REM), and fixed effect model (FEM). It used to know the best estimation model to get regression result for this study. This study has extended previous literature on the information disclosure and performance of SIRC (waqf) institutions. Most of prior study are using either quantitative or qualitative method such as using a case study, interview and focus group discussion (Masruki et al., 2018; Kamaruddin et al., 2018; Shafii et al., 2014). Whereas, this study are using sequential exploratory designs which consist of qualitative and quantitative method by using content analysis approach.

5.3.4 Practical Contributions

From a practical perspective, this study is expected to contribute practical insight to the SIRC Waqf institution, governments and policymakers. The findings of this study will help the SIRC Waqf institution to develop guideline in reporting information disclosure and presentation of the annual report as well as financial statements. Indirectly it will enhance the comparability among SIRC Institution in their reporting presentation. Other that, SIRC Waqf institutions would be able to gain the trust of the waqif or donors by being transparent and disclose important information needed by them. The donor needs to be kept informed as to the purpose for which the funds have been used for and whether the funds have been distributed to the right beneficiaries (Kamaruddin et al., 2018; Maliah et al., 2009). Besides that, institutions should never breach the trust upon the cash waqf donated as well as in managing the waqf asset. This is because once donor lost their trust to the SIRC institution, they will not contribute anymore.

The government bodies and the policymakers are suggested to have an obligation to ensure the reporting information disclosure on the right progression. Until now, most SIRC (waqf) institution in Malaysia is not disclose their annual reports to the public unless upon request. However, not all SIRC Institution make it available to be share their annual report to public. The practice of disclosing the annual report to waqif will lead to more transparent and efficient SIRC (waqf) institutions because they would not want to be judge lapses in accountability by the donors. Therefore, the results of this study intended to help governments understand that waqf asset development will be aided by SIRC (waqf) institutions' required information disclosure. In this sense, evaluating SIRC (waqf) institutions' performance and information disclosure reveals how well they have carried out their accountability.

5.4 RESEARCH IMPLICATIONS

The finding from this study reveals some important implications, especially from a policy perspective. It is important to understand the general motivation for and reporting quality disclosure (information disclosure) and SIRC (waqf) institution performance. This study shows that the presentation and information disclosure among SIRC (waqf) institution are not standardize since the SIRC Institution are under difference states.

The financial statements of the SIRC have been prepared following the Accounting Standards in Malaysia and comply with the requirements of Islamic Law. Since the SIRC's accounting requirements vary between states, there are some differences in accounting practices with reference to the accounting standard. On 23 October 2015, the Malaysian Accounting Standards Board (MASB) which has issued new accounting framework that replaces the current structure of the Private Entities Reporting Standards (PERS) to MPERS. MPERS is adapted from International Financial Accounting Standard (IFRS) for Small and Medium Sizes Entities (SME's) issued by the International Accounting Standards Board (IASB) in July 2009 (Salin,2017). The new reporting framework is effective on or after 1 January 2016, with early application permitted. However, even though most of the SIRC should apply MPERS and must comply with the provisions of the

Statutory Bodies (Accounts and Annual Reports) Act 1980 [Act 240], not all SIRC implement and comply with the new standard. Thus, the presentation of the financial statement still difference and non-comparable. For instance, in term of the information disclosure, there are some differences between balance sheet and off-balance sheet item. Then, there is a need to encourage the standardization in term of accounting standard as well as presentation disclosure to improve SIRC (waqf) institution performance management and indirectly will improve waqf sustainability. Thus, new rules and policies are recommended and encourage to be implemented wisely in term of accounting presentation and information disclosure.

5.5 LIMITATIONS OF THE STUDY

The study has two main limitations. First, this study is not comprehensive in the sense that its sample is limited to only seven out of fourteen SIRC Institution in Malaysia during the study period. Also, it only focuses on public SIRC/waqf institutions. The result of the study may not be generalisable to the entire population. In addition, the assessment does not represent other larger organizations such as corporate waqf, private waqf and others waqf NGO. Nevertheless, it may reveal the true picture of performance of SIRC institutions and waqf resource in Malaysia. This therefore suggests thoughtfulness in generalizing the results to the whole population.

The second limitation is related to the small number of observations due to the limited number of time series data and cross-sectional series data. Since there is SIRC Institution did not apply separate accounting disclosure and presentation for waqf resource. Thus, this study has a number of limitations that might affect the robustness of the financial ratios results and the generalisability of the findings. Constrained by the data accessibility and availability, this study could not account for the programme expense ratio, administrative efficiency and fundraising efficiency ratio for all the institutions. It is probably affecting the efficiency and effectiveness of the institution's performance, which could not be measured. Thus, these unaccounted performance measurements remain unexplored.

5.6 SUGGESTIONS FOR FUTURE RESEARCH

After examining the research process to assess reporting quality disclosure and waqf resource performance, this study has identified several areas where this research can be extended by future researchers. First, this study can be extended by comparing both the SIRC Institution (public waqf) and other larger organizations such as corporate waqf, private waqf and others waqf NGO in Malaysia. The outcome may enhance evidence in identifying the differences in the reporting quality disclosure and presentation in both groups in the Malaysian context. Thus, by comparing and know the differences, it can be adopted and adapt which the best and comprehensive reporting quality disclosure to be more transparency and accountability to the user as well as stakeholders.

Second, this study only discusses some form of performance measurement ratio based on the availability of information provided in the SIRC Institution annual reports. Thus, Therefore, this study proposes to investigate other form of performance measurement. Other that, this study can be extended by investigate other type of waqf like corporate waqf, property waqf, cash waqf, waqf zurri (family waqf), waqf khairi and others. Finally, this study suggests to extend this area of study by using other mixed methods approach in order to capture a wider range of respondents that could provide a better explanation for the documented empirical findings from the qualitative data analysis.

5.7 CHAPTER SUMMARY

In summary, this chapter discusses the important aspect of this study with respect to the contributions, implications, limitations and suggestions for the future research. The contributions of the study are in theoretical, literature, practical and the methodology. This study has some limitations on sample, in which there are only seven sample of SIRC Institution out of fourteen institutions in Malaysia. Finally, the last section of this study discusses the suggestions for future research.

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APPENDIX I

SIRC VISION AND MISSION

No	States	Vision	Mission
1.	Selangor (MAIS)	Become a firm and respected Islamic organization and model by 2025	Building the ummah through the formation of a knowledgeable society, good deeds, faith and virtue, strong economics, efforts and effective preaching, efficient property management and institutions proactive religion.
2.	Perak (MAIPk)	Become a 'Syumul' Islamic Institution in Driving the Development and Well-Being of the Ummah Based on the Quran and As-Sunnah.	Improving the Socio-Economic Status of the People Through Strengthening Effective and Dynamic Baitulmal Management By Implementing Excellent Governance Based on Excellence, Integrity and Professionalism.
3.	Terengganu (MAIDAM)	Make MAIDAM a leading Islamic institution by 2030.	Preserve Baitulmal Management for the Socio-Economic Empowerment of Muslims through the empowerment of trusted, accountability and compliance with shariah
4.	Perlis (MAIPs)	Leading the administration of Islamic property by contributing to development of excellence community or ummah by 2020	Ensuring the survival and viability of socio-economic through comprehensive management and effective Islamic education based on Al-quran and As sunnah
5.	Melaka (MAIM)	MAIM is a leading, efficient, friendly and quality Baitulmal management organization to empower the economic development of Muslims in Malacca by 2024 as the technology evolves and the current needs and practices are based on syariah.	<p>1. Baitulmal transformation leader in enhancing the development of 'asnaf' and economy 'ummah' on creative and innovative based on Shariah maqasid.</p> <p>2. MAIM as a catalyst for the empowerment and strengthening of Malacca Islamic zakat and information management in leading a more prosperous Muslim</p>

No	States	Vision	Mission
			<p>socio-economic through systematic governance and upholding the principles of Shariah maqasid based on high accountability, integrity and professionalism.</p> <p>3. To guide the management and development of Baitulmal property towards strengthening the economy of the Ummah in a transparent and efficient manner.</p>
6.	Kelantan (MAIK)	To become top management organization on zakat, baitulmal and waqf in Malaysia	Providing meaningful contributions to improve the socio-economic status of the Islamic economy.
7.	Pahang (MUIP)	Become effective and great Islamic management institution	Empowering the ummah by increasing taqwa establishment of moral traits, socio-economic management sustainable, effective preaching, culture sciences, enhancing the malay customs and regulatory compliant sharia.
8.	Negeri Sembilan (MAINs)	The foremost leader in the development of the Ummah and Islamic law of the century in Negeri Sembilan	As the supreme body of Islam in Negeri Sembilan who is responsible for preserving Islamic purity and setting policies for the development of the ummah in various areas based on Islamic shariah
9.	Kedah (MAINk)	'To be a prominent leader in the policy making and administration of the State Islamic religion by 2019 for the well-being and development of the Muslim community'.	<p>'Establish and administer Islamic affairs to enhance the well-being and social and economic development of Muslims' through:</p> <ol style="list-style-type: none"> 1. Excellent governance. 2. Effective, innovative and optimal management of resources. 3. Effective and comprehensive use of technology and information sharing. 4. Effective education, guidance and preaching. 5. Internal and external strategic planning and cooperation. 6. Research and innovation that meet the needs.

No	States	Vision	Mission
10.	Johor (MUIJ)	Towards the Making of the prosperous mukmin (community)	Through the formation of individuals and societies that have always adhered to the teachings of Islam as a whole to create a virtuous, competitive, caring, humane, helpful and united community as a catalyst for the economic and social well-being of the people.
11.	Sabah (MUIS)	To become a superior organization in formulating policies on Islamic affairs and administration in Sabah	Uniting the potential of Muslims to strengthen aqidah, dakwah, tarbiyah, shariah, religion and culture through excellent management to raise the glory of the world and the hereafter.
12.	Sarawak (MIS)	Become superior Islamic administration in Sarawak	Uphold 'syumul' islamic administration through congested mosque, education, economy, cultural and islamic society with the quran and as sunnah.
13.	Wilayah Persekutuan (MAIWIP)	Leading the development and well-being of the 'ummah' (community)	Realizing the plan of development of the Ummah in a planned and comprehensive manner
14.	Penang (MAINPP)	Become a superior institution based on the concept of muamalah Islam for the sake of the Ummah welfare	Realizing World-Class Baitulmal Management through Efficient and Effective Management and Administration System

APPENDIX II

QUANTITATIVE DISCLOSURE INDEX

No.	Waqf Disclosure Elements	Element Items (Indicators)
1	Corporate Information (CI)	(1) Establishment and Operation (2) Purpose and objectives (3) Structure of organisation (4) Board of directors (5) Ethical operational policies (6) Personnel (7) Personnel development (8) Governance disclosure.
2	Strategic Information (SI)	(1) Chairman report (2) Performance and achievement (3) Summary facts and figures (4) Government borrowing/ grant/guarantee (5) Forward-looking disclosure (6) Statistics
3	Financial Performance Information (FPI)	(1) Financial review (2) Investment (3) Actual to budget comparison (4) Financial performance ratios (5) Administration to total expenses (6) Program expenses/total expenses (7) Net rental income and Expenses/rental income (8) Investment income/average investment (9) Expenditure by activities/income by activities.
4	Financial Statement Information: Statement of Financial Position(SOFP)	(1) Total non-current assets at cost; (2) Long-term investments (3) Long term debtors (4) Current assets (5) Current liabilities (6) Long-term liabilities (7) Deferred liabilities (8) Deferred credits from government grants

		(9) Reserves
5	Financial Statement Information: Statement of Comprehensive Income (SOCI)	(1) Revenue by a source of funds (2) Revenue by services rendered (3) Other incoming revenue (4) Total revenue (5) Expenditure by services (6) Expenditure by functions (7) Administration and governance costs (8) Total expenditure (9) Other recognised gains/losses (10) Surplus/deficit (11) The total fund brought forward (bf) (12) Total fund carried forward (c/f).
6	Financial Statement Information: Other Financial Statements (OFS)	(1) Statement of assets and liabilities (2) Statement of cash flows (3) Notes to the accounts (4) Audit certificate (5) Auditor index rating. (6) SOCI for waqf (7) SOFP for waqf
7	Non-Financial Performance (NFP)	(1) Performance target and objectives (2) Input (3) Output (4) Outcome (5) Efficiency (6) Effectiveness (7) Productivity measures (8) Customer satisfaction measures

APPENDIX III

QUALITATIVE DISCLOSURE INDEX FOR FINANCIAL STATEMENTS:

No.	Operationalisation	Scale of measurements	Item attributes
Relevant (1)			
R1	To what extent does the present financial breakdown include waqf disclosure assist in attracting potential funds opportunities in SIRC's?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	-Financial breakdown figures -Separate subsection (I/S or B/S only) -Separate subsection (I/S +B/S) -notes to the account
Faithful Representation (3)			
F1	To what extent are valid arguments provided to support the decision for certain assumptions and estimates are necessary to be specified in the accounting policies?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	-Estimation -formula/method -General explanation -Special explanation
F2	To what extent is the SIRC accounting policy choice is based on valid accounting principles and related arguments?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	-Minimum explanation -Explanation with reasons -Explanation with reasons + consequences
F3	Which type of auditors' report is included in the financial statements?	1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective	-No audit opinion -Adverse opinion -Disclaimer opinion - Qualified opinion - Unqualified opinion

Understandability (2)			
U1	To what extent are the financial statements are effectively presented in a user friendly?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	<ul style="list-style-type: none"> - complete table of contents - headings - order of components - summary/ conclusion at the end of each subsection
U2	To what extent are the notes in the balance sheet and income statement sufficiently clear (succinct)?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	<ul style="list-style-type: none"> -amount -nature -purpose -impact -description and explanation
	<i>To what extent is the use of language and technical term in the financial statements easy to follow?</i>	<i>This question has been deleted since there is no use of language and technical term which is difficult or describe in SIRC</i>	
Comparability (1)			
C1	To what extent did the SIRC adjust the previous accounting period's figure (balance), due to the implementation of a change in accounting policy or revisions in accounting estimates?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	<ul style="list-style-type: none"> - No adjustment -Described adjustment -Actual adjustment (one year) -Two years of adjustment -Two years adjustment + notes
Timeliness (1)			
T1	How many days/month does it take for the auditor to sign the auditors' report after the book-year end?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	<ul style="list-style-type: none"> -More than one year -One year -9months -Six months -least than three months

APPENDIX IV

QUALITATIVE DISCLOSURE INDEX FOR NON-FINANCIAL DISCLOSURE

No.	Operationalisation	Scale of measurements	Item attribute
Relevance (2)			
NFS_R1	To what extent is the statement forward-looking (forecast) and help to form expectations as well as predictions concerning the future of the SIRC?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	<ul style="list-style-type: none"> -current accomplishment -future objective/target -challenges -opportunity -management plan
NFS_R2	To what extent the level of disclosure of non-financial information in terms of potential fund opportunities complement financial information?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	<ul style="list-style-type: none"> -have table/graphs -comparable amount -collection information - distribution information -activity or event
Faithful Representation (2)			
NFS_F1	To what extent does the SIRC, highlight CSR events?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	<ul style="list-style-type: none"> -activity - weeks -months - internal - external event
NFS_F2	To what extent does the SIRC provides information on state governance council affairs?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	<ul style="list-style-type: none"> -The description of council members -The description of a position held
	<i>To what extent are valid arguments provided to support the decision for certain assumptions and estimates in the annual report?</i>	<i>This question has been deleted since it is not relevant to the SIRC background. For internal consumption only</i>	
Understandability (2)			

NFS_U1	To what extent is the annual report presented in a well-organized manner?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	Judgment based on: - complete table of contents - headings - order of components - summary/ conclusion at the end of each subsection
NFS_U2	To what extent does the disclosure of graphs and tables clarify the presented information?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	-graphs -table - explanations of the information
	<i>To what extent is the use of language and technical term in the financial statements easy to follow?</i>	<i>This question has been deleted since there is no use of language and technical term, which is difficult or describe in SIRC. For internal consumption only</i>	
Comparability (2)			
NFS_C1	To what extent does the SIRC present and disclose a comparison of waqf collection and distribution in the current period compared to previous periods?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	-Current year amount -Graph/table waqf -Comparison with previous/others year
NFS_C2	To what extent is the information in the annual report comparable to the information provided by other SIRC's?	<ol style="list-style-type: none"> 1. Least effective 2. Less effective 3. Effective 4. More effective 5. Most effective 	- accounting policies - structure - explanation of events In other words: an overall conclusion of comparability compared to annual reports of other SIRC's
	<i>To what extent does the SIRC present financial index numbers and ratios in the annual report?</i>	<i>This question has been deleted since it is not relevant to SIRC information. For internal consumption only</i>	

APPENDIX V

PERFORMANCE MEASUREMENT

No	Ratios	Description	Indication	Literature
Operational Performance				
1.	Cash Availability	Cash & Bank Balances to Total Assets	Indicate the amount of idle cash and bank balances. The higher the ratio tells that the organisation maintain a high amount of idle cash	(Shafii et al., 2014)
2.	Return of Investment	Investment Income to Average Investment	Indicate the return of investment on <i>waqf</i> assets.	(Sulaiman et al., 2009)
Financial Performance				
3.	Equity Balances	The ratio of equity to revenue	Indicate financial sustainability if the ratio is high	(Sulaiman & Zakari, 2015)
4.	Revenue concentration	Square of the percentage share that each revenue source represents of the total revenue	Indicate that the organisation has equal revenue from diverse sources if each ratio is close to zero. Revenue that has ratio close to one shows that it is dependent on one single source of income which is not healthy to the organisation	(Sulaiman & Zakari, 2015)
5.	Operating Income	Core income to Expenses	Indicate the extent to which the income generated from core activities	(Shafii et al., 2014)
6.	Operating margin	Net income (or loss) divided by total revenue	Indicate the organisation is financially stable if the ratio is high	(Sulaiman & Zakari, 2015)
7.	Income Growth	Income year n - Income year (n-1) divided by Income year (n-1)	Indicate the extent to which the organisation can generate income from its activities from time to time	(Shafii et al., 2014)

APPENDIX VI
VALIDATION FORM

Nurul Hizetie Mohamed Nor
PT 1765, Kampung Padang,
18400 Temangan, Kelantan

Expert reviewer

6th December 2020

Dear Sir / Madam,

Doctoral Research on ‘Reporting Quality Disclosures of State Islamic Religious Council (SIRC) on Waqf Resources: Validation Exercise of Waqf Reporting Quality Disclosure (WRDI) Index’

I, Nurul Hizetie Mohamed Nor, a PhD student of Institute of Islamic Banking And Finance of International Islamic University, Malaysia, is currently undertaking a research entitled " An Assessment of Quality Reporting Disclosures of State Islamic Religious Council (SIRC) on Waqf Resources. The research is intended to examine, compare and analyze variations of reporting policies, requirements and practices across SIRC's in Malaysia and to identify reporting items to formulate a waqf reporting disclosure index.

2. In order to validate the Qualitative Disclosure Index, I would like to request for your esteemed institution kind and valued inputs, advise, recommendation and guidance on the index. The measurement index will be used as part of the survey research instrument to Waqf stakeholders in my study. All information and comments provided will be strictly treated as private and confidential, and will only use for academic research purpose.

3. We will update on the progress of our disclosure index formulation and survey as well as share summary findings to your esteemed institution.

4. Attach herewith are brief descriptors and explanation on research background and measurement index of the study. Your support is highly valued and most appreciated.

Thank you

Sincerely,

.....
(Nurul Hizetie Mohamed Nor)
Matric No.: G1631582
Phone No.: 011 - 6339 3552
Email: hizetie@gmail.com



EXPERT VALIDITY REVIEW FORM
Instrument Index For Reporting Quality Disclosure

Assalamualaikum wbt. Dato ’/ Datuk / Datin / Prof. / Prof. Associate / Dr. / Sir / Madam / Ms. The following is the Expert Validity Review Form for the study entitled An Assessment of Quality Reporting Disclosures of State Islamic Religious Council (SIRC) on Waqf Resources. The Appointment of Dato ’/ Datuk / Datin / Prof./ Prof. Madya / Dr./ Sir / Madam / Ms as an expert panel is greatly appreciated to confirm the content of 16 items for this study. Hopefully the expertise by Yang Berbahagia Dato ’/ Datuk / Datin / Prof./ Prof.Madya / Dr./ Sir / Madam / Ms will contribute great meaning in the field of Waqf in Malaysia.

Researcher Information

Name of Researcher: Nurul Hizetie Mohamed Nor

Main Supervisor: Assoc. Prof Dr Romzie Bin Rosman

Co-Supervisor: Assoc. Prof Dr Syed Musa Bin Syed Jaafar Alhabshi

IIUM Institute of Islamic Banking and Finance (IiBF)

International Islamic University Malaysia

If there are any queries and concerns, the researcher can be contacted via e-mail (hizetie@gmail.com) and at 011 – 6339 3552

Title: An Assessment of Quality Reporting Disclosures of State Islamic Religious Council (SIRC) on Waqf Resources

With increasing public awareness and interest in state government reporting accountability, a higher expectation of the proper, effective and efficient service delivery of public entities. Waqf as a state religious function activity is overseen by the State Islamic Religious Council (SIRC), which is one of the state government bodies. A study by Wahid (2009) found that public information perception-expectation gap arises amongst waqf stakeholders for higher transparency to encourage waqif (donors) to contribute to waqf funds with confidence on waqf performance management. Hence information particularly related to accounting and reporting quality disclosures are seen as one of the most important components of transparency and accountability (Tower, 1993; Connolly and Hyndman, 2004; Yaacob et al., 2015). High-quality financial reporting information is important because it will enhance effective monitoring by SIRC and it will also enable stakeholders to make informed decisions (Van Beest, 2009). This contributes to building trust with society especially for the Waqf community. Therefore, this study aims to review and understand reporting quality disclosures in waqf institutions.

Research Objectives

The present study will examine quality reporting disclosures of selected SIRC on waqf resources. This information is useful to all waqf beneficiaries as well as the potential waqf donors, administrators, and regulators. The research objectives are as follow:

1. To assess comparative current disclosure levels of waqf among selected SIRC reporting practices based on their relevant statutory requirements and policy disclosures.
2. To evaluate quality disclosure practices of waqf in SIRC reporting based on the international reporting standards and requirements intended for special purpose public entities such as SIRC.
3. To determine the impact of current waqf disclosure practices on SIRC institution performance and Waqf resource performance.
 - 3.1 To determine the impact of Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) on SIRC institution performance
 - 3.2 To determine the impact of Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) on Waqf resource performance
 - 3.3 To determine the impact of Reporting disclosure index with total quantitative and qualitative items (TWRDI) on SIRC institution performance
 - 3.4 To determine the impact of Reporting disclosure index with total quantitative and qualitative items (TWRDI) on Waqf resource performance

Research Questions

This study seeks to provide answers to the following research questions to fulfil the objectives set out above:

1. What are the current disclosures of waqf among SIRC reporting practices based on SIRC reporting requirements?
2. Do SIRC reporting requirements provide adequate waqf based disclosure practices information based on international reporting standards to the community?
3. To what extend reporting disclosure index/practices impact the SIRC institution performance and Waqf resource performance?
 - 3.1 To what extend Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) impact the SIRC institution performance?
 - 3.2 To what extend Quantitative reporting disclosure index items and Qualitative reporting disclosure index items (WRDI) impact the Waqf resource performance?
 - 3.3 To what extend Reporting disclosure index with total quantitative and qualitative items (TWRDI) impact the SIRC institution performance?
 - 3.4 To what extend Reporting disclosure index with total quantitative and qualitative items (TWRD) impact the Waqf resource performance?

Quantitative Disclosure Instruments Index

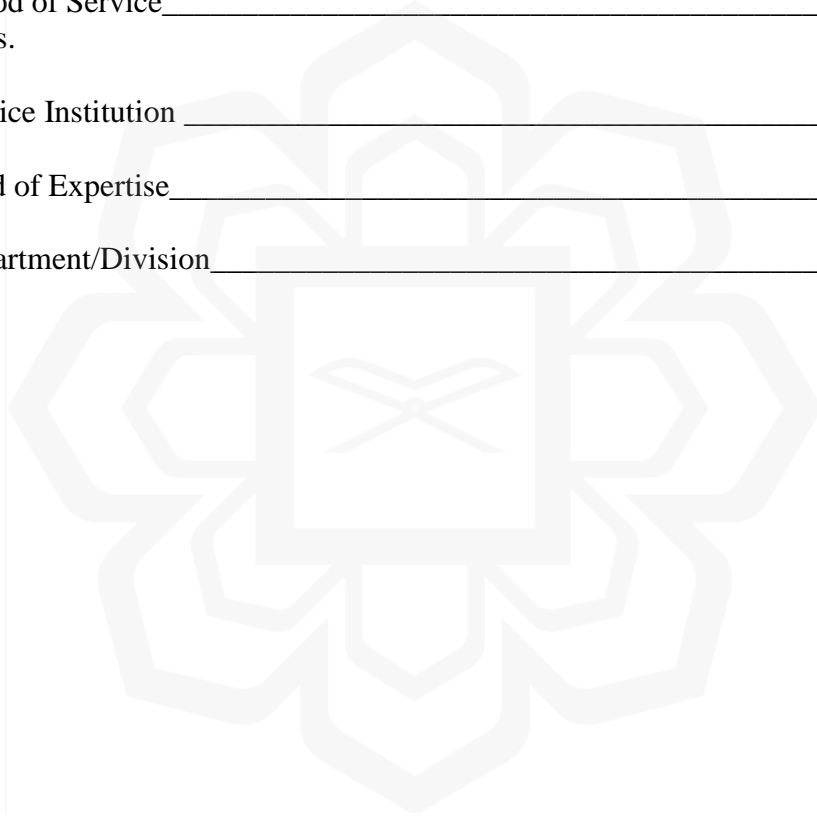
The qualitative disclosure items is based on the qualitative characteristics of the conceptual framework of the International Financial Reporting Standards (IFRS), namely relevance, faithful representation, understandability, comparability and timeliness. Based on the 'benchmark' ranking, the characteristics were scored, ranging from least effective (1) to most effective (5). The two different sets of eight operationalize items of qualitative characteristics were designed for non-financial and eight operationalize item for disclosure of financial statements. All operationalize item of five characteristics have been modified to measure the quality of reporting disclosure. The item attribute column is a feature that is seen and refers to designate and obtain a score for scale measurement.



PART A: EXPERT PANEL DEMOGRAPHY PROFILE

Please fill in the personal information of Yang Berbahagia Dato ’/ Datuk / Datin / Prof. / Prof.Madya / Dr. / Sir / Madam / Ms

1. Full Name _____
2. Title and Position _____
3. Period of Service _____
years.
4. Service Institution _____
5. Field of Expertise _____
6. Department/Division _____



PART B: EXPERT VALIDITY REVIEW FORM

CONTENT VALIDITY

The qualitative disclosure items is based on the qualitative characteristics that are based on the conceptual framework of the International Financial Reporting Standards (IFRS), namely relevance, faithful representation, understandability, comparability and timeliness. This qualitative disclosure items intends to use a standard scaling option (a five-point Likert scale ranging from **1-Least Effective to 5-Most Effective**) to ensure consistency across the constructs. Please rate the items as per ratings provided below and provide comment where necessary

Ratings: 1= not relevant 2 = somewhat relevant 3 = quite relevant 4 = highly relevant

Instrument Index Measurement Scales Used to Operationalize the Qualitative Information Characteristics for Financial Statements:

No.	Operationalization Item	Scale of measurements	Item attributes	Has each item in the instruments provided consistency ?	Are the items representative of concepts related to the dissertation topic?	Are the items relevant to concepts related to the dissertation topic?	Do the items provide clarity in terms of wording?	Comment
Relevant (1)								
R1	To what extent does the present financial breakdown include waqf disclosure assist to attract potential funds opportunities in SIRC's?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-Financial breakdown figures -Separate subsection (I/S or B/S only) -Separate subsection (I/S +B/S) -notes to the account	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

Faithful Representation (3)

F1	To what extent are valid arguments provided to support the decision for certain assumptions and estimates is necessary to be specified in the accounting policies?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-Estimation -Formula /method -General explanation -Special explanation	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
F2	To what extent is the SIRC accounting policy choice is based on valid accounting principles and/or related arguments?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-Minimum explanation -Explanation with reasons -Explanation with reasons +consequences	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
F3	Which type of auditors' report is included in the financial statements?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-No audit opinion -Adverse opinion -Disclaimer opinion - Qualified opinion - Unqualified opinion	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

Understandability (2)								
U1	To what extent are the financial statements are effectively presented in a user friendly?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	- complete table of contents - headings - order of components - summary/ conclusion at the end of each subsection	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
U2	To what extent are the notes in the balance sheet and income statement sufficiently clear (succinct)?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-amount -nature -purpose -impact -description and explanation	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
Comparability (1)								
C1	To what extent did the SIRC adjust the previous accounting period's figure (balance), due to the implementation of a change in accounting policy	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	- No adjustment -Described adjustment -Actual adjustment (one year) -2 years adjustment	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

	or revisions in accounting estimates?		-2 years adjustment + notes					
Timeliness (1)								
T1	How many days/month does it take for the auditor to sign the auditors' report after the book-year end?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-More than one year -One year -9months -6 months -least than 3 months	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

Instrument Measurement Scales Used to Operationalise the Qualitative Information Characteristics for Non-Financial Disclosure:

No.	Operationalization	Scale of measurements	Item attribute	Has each item in the instruments provided consistency?	Are the items representative of concepts related to the dissertation topic?	Are the items relevant to concepts related to the dissertation topic?	Do the items provide clarity in terms of wording?	Comment
Relevance (2)								
NFS_R1	To what extent is the statement forward looking (forecast) and help to form expectations as well as predictions concerning the future of the SIRC?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-current accomplishment -future objective/target -challenges -opportunity -management plan	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

NFS_R2	To what extent the level of disclosure of non-financial information in terms of potential fund opportunities complement financial information?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-have table/graphs -comparable amount -collection information - distribution information -activity or event	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
Faithful Representation (2)								
NFS_F1	To what extent does the SIRC, highlight CSR events?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-activity - weeks -months - internal - external event	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

NFS_F2	To what extent does the SIRC provides information on state governance council affairs?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-Description on council members -Description on position held	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
Understandability (2)								
NFS_U1	To what extent is the annual report presented in a well-organized manner?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	Judgment based on: - complete table of contents - headings - order of components - summary/ conclusion at the end of each subsection	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

NFS_U2	To what extent does the disclosure of graphs and tables clarify the presented information?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-graphs -table - explanations of the information	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
Comparability (2)								
NFS_C1	To what extent does the SIRC present and disclose a comparison of waqf collection and distribution in the current period compared to previous periods?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	-Current year amount -Graph/table waqf -Comparison with previous/others year	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

NFS _C2	To what extent is the information in the annual report comparable to the information provided by other SIRC's?	1.Least effective 2.Less effective 3.Effective 4.More effective 5.Most effective	- accounting policies - structure - explanation of events In other words: an overall conclusion of comparability compared to annual reports of other SIRC's	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
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APPENDIX VII

EXPERT VALIDITY REVIEW FORM FEEDBACK

PART A: EXPERT PANEL DEMOGRAPHY PROFILE

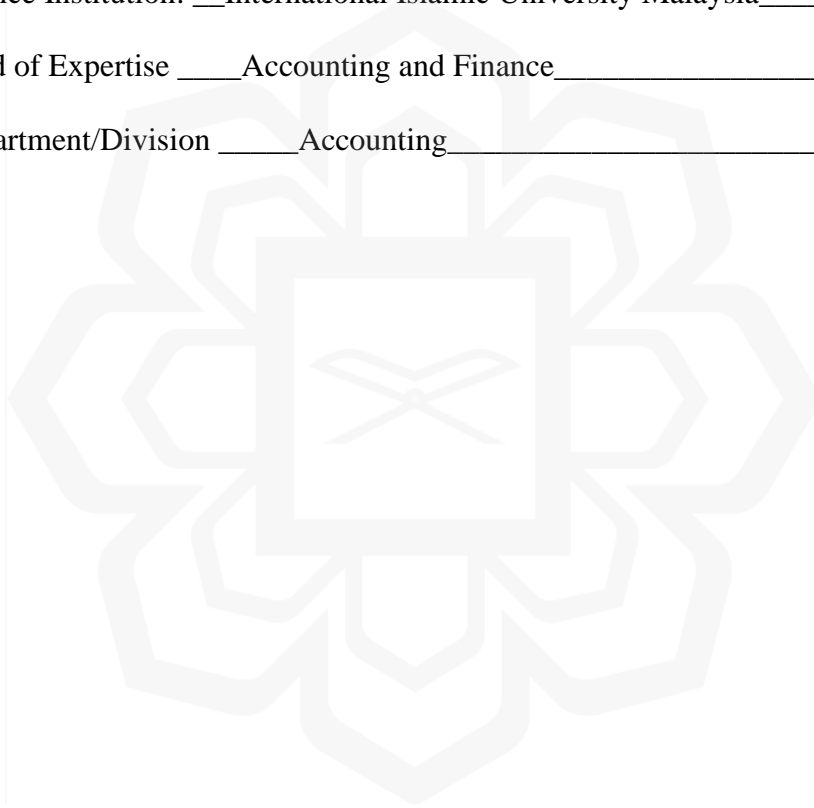
Please fill in the personal information of Yang Berbahagia Dato ' / Datuk / Datin / Prof. / Prof.Madya / Dr. / Sir / Madam / Ms

1. Full Name RASMIMI BINTI RAMLI
2. Title and Position DEPUTY EXECUTIVE DIRECTOR
3. Period of Service 10 years.
4. Service Institution MALAYSIAN INSTITUTE OF ACCOUNTANTS
5. Field of Expertise FINANCIAL REPORTING
6. Department/Division DIGITAL ECONOMY. REPORTING AND RISK

PART A: EXPERT PANEL DEMOGRAPHY PROFILE

Please fill in the personal information of Yang Berbahagia Dato ' / Datuk / Datin / Prof. / Prof.Madya / Dr. / Sir / Madam / Ms

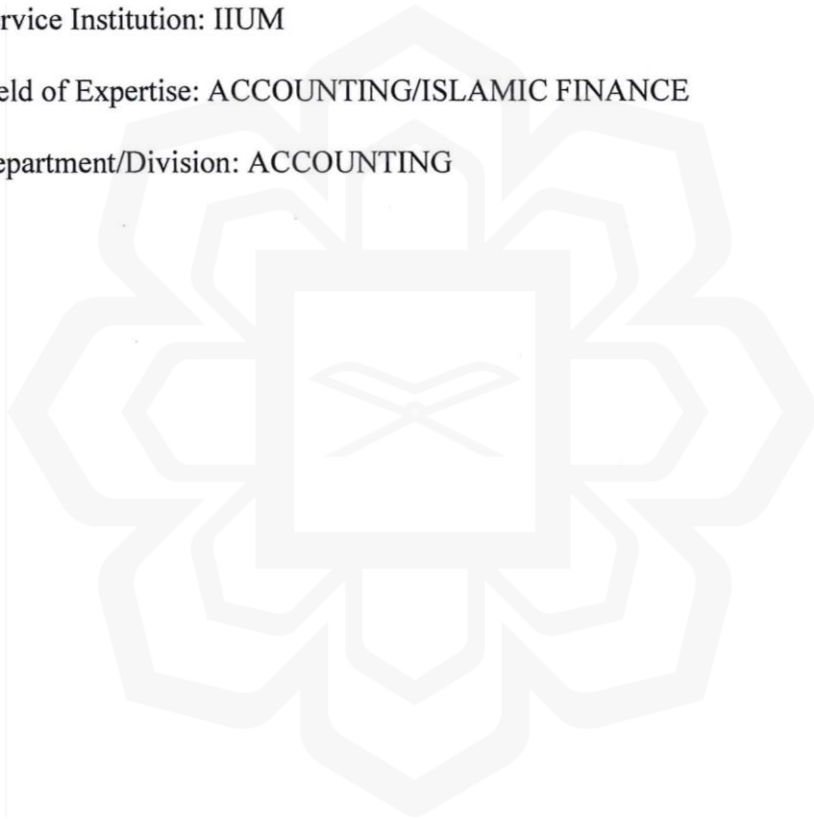
1. Full Name ___Assoc. Prof Dr Muslim Har Sani bin Mohamad_____
2. Title and Position: Associate Professor_____
3. Period of Service : 25 _____ years.
4. Service Institution: ___International Islamic University Malaysia_____
5. Field of Expertise ___Accounting and Finance_____
6. Department/Division _____Accounting_____



PART A: EXPERT PANEL DEMOGRAPHY PROFILE

Please fill in the personal information of Yang Berbahagia Dato ' / Datuk / Datin / Prof. / Prof.Madya / Dr. / Sir / Madam / Ms

1. Full Name: NORAINI MOHD ARIFFIN
2. Title and Position: PROFESSOR/DEPUTY DEAN (ACADEMIC AND INTERNATIONALISATION), KENMS, IIUM
3. Period of Service: 29 YEARS
4. Service Institution: IIUM
5. Field of Expertise: ACCOUNTING/ISLAMIC FINANCE
6. Department/Division: ACCOUNTING



PART B: EXPERT VALIDITY REVIEW FORM

CONTENT VALIDITY

The qualitative disclosure items is based on the qualitative characteristics that are based on the conceptual framework of the International Financial Reporting Standards (IFRS), namely relevance, faithful representation, understandability, comparability and timeliness. This qualitative disclosure items intends to use a standard scaling option (a five-point Likert scale ranging from **1-Least Effective, 2- Less effective, 3- Effective, 4-More effective, to 5-Most Effective**) to ensure consistency across the constructs. Please rate the items as per ratings provided below and provide comment where necessary.

Ratings: 1= not relevant 2 = somewhat relevant 3 = quite relevant 4 = highly relevant

Instrument Index Measurement Scales Used to Operationalize the Qualitative Information Characteristics for Financial Statements:

No.	Operationalization Item	Item attributes	Has each item in the instruments provided consistency?	Are the items representative of concepts related to the dissertation topic?	Are the items relevant to concepts related to the dissertation topic?	Do the items provide clarity in terms of wording?	Comment
Relevant (1 Question)							
R1	To what extent does the present financial breakdown include waqf disclosure which assist to attract potential funds opportunities in SIRC's?	1 (least effective) = If there are no financial breakdown figures, 2 (Less effective) = Financial breakdown figures not in	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	Dr Noraini : - change term I/S to SOCI and B/S to SOFP - Identify disclosure and presentation in item attributes

		separate subsection, 3 (Effective) = Separate subsection (I/S only), 4(More effective) = Separate subsection (I/S +B/S), 5 (More effective) = Separate subsection (I/S +B/S) + detail notes to the account relating to waqf					
Faithful Representation (3 Question)							
F1	To what extent are valid arguments provided to support the decision for certain assumptions and estimates necessary to be specified in the accounting policies?	1(Least effective) = Only described estimations, 2(Less effective) = General explanation, 3 (Effective) = Special explanation of estimations,	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	Dr Noraini - No comment Madam Rasmimi - not clear on this question. Also, is this general or specific for waqf? (I have explained to Madam Rasmimi and she has

		4 (More effective) = Special explanation, formula explained, 5(Most effective) = Comprehensive argumentation					understood and accept it) [answer- The instrument index is focusing on waqf elements and Majlis Agama (SIRC). This question is general in assessing the presentation and disclosure of Annual report and financial statement for Majlis Agama Islam Negeri since the accounting policy are applicable to all which is include zakat,wakaf and baitulmal]
F2	To what extent is the SIRC accounting policy choice is based on valid accounting principles and/or related arguments?	1(Least effective) = Changes not explained, 2(Less effective) = Minimum explanation, 3 (Effective) = Explanation with reasons, 4(More effective) =	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	No comment .

		Explanation with reasons + consequences, 5(Most effective) = No changes or comprehensive Explanation					
F3	Which type of audit opinion is expressed in the financial statements?	1(Least effective) = No audit opinion, 2 (Less effective) = Adverse opinion, 3(Effective) = Disclaimer opinion, 4(More effective) = Qualified opinion, 5 (Most effective) = Unqualified opinion	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	No comment .
Understandability (2 Question)							
U1	To what extent are the financial statements are effectively presented in a user friendly?	Judgement based on: - complete table of contents - headings and order of components	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	Dr Noraini - No comment . Madam Rasmimi - how do we assess 'clear/detail explanation'? (I have

		- clear /detail explanation -separate subsection I/S, B/S for waqf					explained to Madam Rasmimi and she has understood and accept it) [answer- The clear/detailed explanation is assessed through the notes to the account. The explanation is categorized as clear or detailed if it consists of estimation, formula, method, example and explanation on each information given or vise versa]
U2	To what extent are the notes in the balance sheet and income statement sufficiently clear (succinct)?	1(Least effective) = No explanation, 2 (Less effective) = Very short description, difficult to understand, 3 (Effective) = Explanation that describes what happens,	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	No comment .

		<p>4 (More effective) = Detail explanation that describes what happens and terms are explained (which assumptions etc.)</p> <p>5 (Most effective) = Everything that might be difficult is Explained</p>					
Comparability (1 Question)							
C1	<p>To what extent did the SIRC adjust the previous accounting period's figure (balance), due to the implementation of a change in accounting policy or revisions in accounting estimates?</p>	<p>1 (Least effective) = No adjustment</p> <p>2 (Less effective) = Described adjustment,</p> <p>3 (Effective) = Actual adjustment (one year),</p> <p>4 (More effective) = 2 years adjustment,</p> <p>5 (Most effective) = 2 years adjustment + notes</p>	<p>① ② ③ ④</p>	<p>① ② ③ ④</p>	<p>① ② ③ ④</p>	<p>① ② ③ ④</p>	<p>Dr Noraini : maybe there is no changes in accounting policy, thus ,there is need to change the item attribution.</p>

Relevance (2 Question)

NFS _R1	To what extent is the statement forward looking (forecast) and help to form expectations as well as predictions concerning the future of the SIRC?	Judgment based on: -current accomplishment -future objective/target -challenges -opportunity -management plan	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
NFS _R2	To what extent the level of disclosure of non-financial information in terms of potential fund opportunities complement financial information?	Judgment based on: -have table/graphs -comparable amount -collection information - distribution information -activity or event	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

Faithful Representation (2 Question)							
NFS_F1	To what extent does the SIRC, highlight CSR events?	Judgment based on: -activity - activity for Asnaf -activity for community - internal - external event	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
NFS_F2	To what extent does the SIRC provides information on State Governance Council (SGC)affairs?	1(Least effective) = No description SGC, 2(Less effective) = Description on SGC limited, not in separate subsection 3(effective) = Separate subsection on SGC, 4(More effective) = Extra attention information concerning SGC, 5 (Most effective) = Comprehensive description of SGC	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
Understandability (2 Question)							
NFS_U1	To what extent is the annual report	Judgment based on:	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

	presented in a well-organized manner?	<ul style="list-style-type: none"> - complete table of contents - headings - order of components - clear/detail explanation on financial statements - table/graphs explanation 					
NFS_U2	To what extent does the disclosure of graphs and tables clarify the presented information?	1 (Least effective) = No graph, 2 (Less effective) = 1-5 graphs but not related graphs, 3 (Effective) = 1-5 related graphs, 4 (More effective) = 6-10 related graphs, 5 (Most effective) = > 11 related graphs	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	
Comparability (2 Question)							
NFS_C1	To what extent does the SIRC present and disclose a comparison of	1 (Least effective) = No comparison, 2 (Less effective) = No comparison + current year data,	① ② ③ ④	① ② ③ ④	① ② ③ ④	① ② ③ ④	

	<p>waqf collection and distribution in the current period compared to previous periods?</p>	<p>3(Effective) =Only with previous year, 4 (More effective) = With 5 years, 5(Most effective) = 5 years + description of implications</p>					
NFS_C2	<p>To what extent is the Waqf information in the annual report comparable to the information provided by other SIRC's?</p>	<p>Judgement comparability item based on: - accounting policies - structure - explanation of events - Waqf collection and distribution - Financial statement In other words: an overall conclusion of comparability compared to annual reports of other SIRC's</p>	<p>① ② ③ ④</p>	<p>① ② ③ ④</p>	<p>① ② ③ ④</p>	<p>① ② ③ ④</p>	

PART C: INSTRUMENT SUGGESTION AND IMPROVEMENT FORM

Dr Muslim : Please address my feedback as provided during the instrument validation interview session, thank you.

1. Shariah compliance and Maqasid Shariah
2. The standard MPERS, MFRS , MPSAS

Dr Noraini: All the question are relevant , just change the term based on my comment

Madam Rasmimi : I think these are all relevant and just need to change some item from my comment

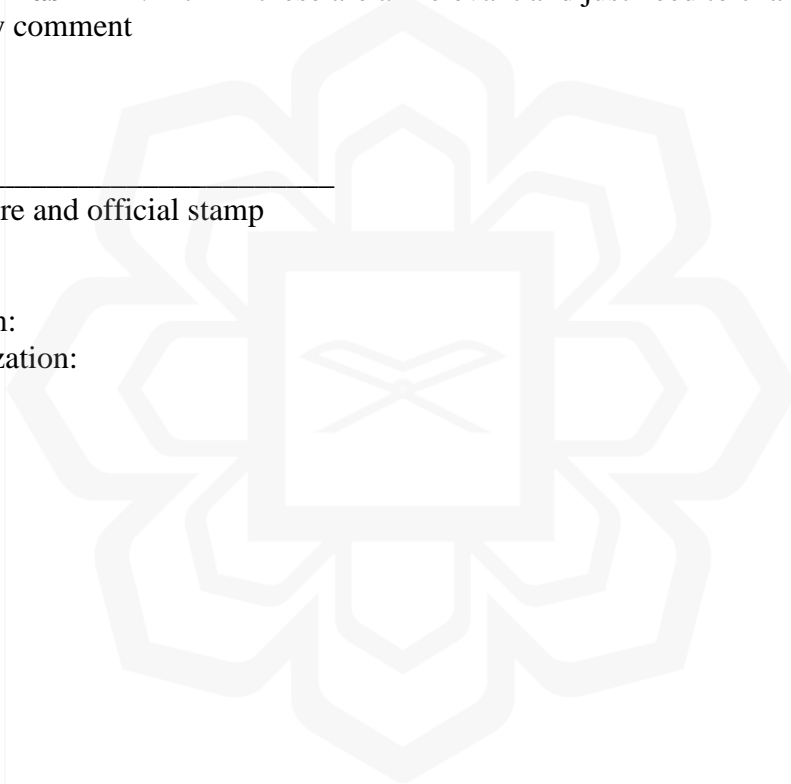
Signature and official stamp

Date:

Name:

Position:

Organization:



PART C: INSTRUMENT SUGGESTION AND IMPROVEMENT FORM

Rasmimi

Signature and official stamp

Date: 16 December 2021

Name: Rasmimi Ramli

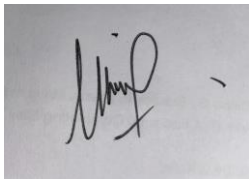
Position: Deputy Executive Director

Organization: Malaysian Institute of Accountants

THANK YOU

PART C: INSTRUMENT SUGGESTION AND IMPROVEMENT FORM

____Please address my feedback as provided during the instrument validation interview session, thank you.



Signature and official stamp

Date: October 10, 2021

Name: Assoc. Prof Dr Muslim Har Sani bin Mohamad

Position: Assoc Prof

Organization: IIUM



THANK YOU

PART C: INSTRUMENT SUGGESTION AND IMPROVEMENT FORM

Noraini

Signature and official stamp

Date 18/11/2021

Name:

Position:

Organization:

PROF. DR. NORAINI MOHD ARIFFIN
Deputy Dean
Academic and Internationalisation
Kulliyah of Economics and Management Sciences
International Islamic University Malaysia
P.O. Box 10, Gombak Campus
50728 Kuala Lumpur

THANK YOU