

**THE DEVELOPMENT OF SOCIAL IMPACT
MEASUREMENT FRAMEWORK FOR WAQF: THE
CASE OF WAQF ORGANISATIONS IN MALAYSIA**

BY

NOR SYAHIRAH BINTI MOHAMAD ZAIN

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International Islamic University Malaysia**

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ABSTRACT

Historically, waqf has been instrumental in funding social infrastructure, addressing societal issues, and fostering positive change in society. However, despite its critical role, the existing performance measurement system for waqf lacks a focus on outcomes and impact, potentially leading to an underestimation of its true potential within the mainstream economy. This is compounded by the absence of standardised methods or frameworks for measuring the impact of waqf. Furthermore, the unresolved accountability issues within waqf organisations increases the call for better accountability measures. To address these problems, Social Impact Measurement (SIM) emerges as a crucial tool. It is a system or framework to assess an organisation's effectiveness in generating positive societal impact. Therefore, this study aims to explore the current SIM practices among waqf organisations in Malaysia, understand their perceptions regarding the role of SIM in fulfilling accountability, identify key challenges in developing and adopting SIM, and ultimately develop a SIM framework for waqf organisations. The study employs a qualitative approach through case studies, with document analysis and semi-structured interview as the data collection methods. The interviews were conducted with sixteen (16) representatives from four (4) diverse waqf organisations representing waqf organisations under the purview of the federal government, state government, corporate waqf and Labuan International waqf foundation. This study uncovers varying levels of sophistication in SIM among the waqf organisations. While some have embraced some SIM tools, others are in the early stages of development. Overall, SIM is perceived as an important tool to enhance accountability to donors, beneficiaries, regulators, collaborators, and Allah. SIM is also viewed as a tool to build trust and strengthen governance. The findings also reveal that the challenges in SIM adoption encompass a lack of expertise, financial resources, regulatory hurdles, public perception, and standardisation. Nonetheless, there is a consensus on the suitability of *Maqāṣid al-Sharī'ah* for inclusion in a SIM framework for waqf organisations. The insights gathered from this study have culminated in the development of a tailored SIM framework for waqf which incorporate mission alignment, the theory of change, elements of accountability and key success factors. This framework offers a flexible guide for waqf organisations to measure social impact tailored to their unique needs and contexts. This pioneering study in Malaysia provides a significant contribution to the literature and body of knowledge of SIM in waqf organisations and accountability theory. The findings from the study bridges the gap between theory and practice in terms of improving waqf organisations' accountability towards stakeholders, and alerting policymakers and various agencies to provide the support and training needed to curb the challenges in the SIM adoption. This study also paves the way for a more robust and accountable future for waqf, thereby strengthening their impact on society.

خلاصة البحث

على المستوى التاريخي، كان للوقف دورٌ فعالٌ في تمويل مشاريع البنية التحتية الاجتماعية، ومعالجة القضايا المجتمعية، وتعزيز التغيير الإيجابي في المجتمع. لكن، على الرغم من دوره الحاسم، فإن نظام قياس الأداء الحالي للوقف، يفتقر إلى التركيز على كلٍّ من النتائج، والأثر، مما قد يؤدي إلى التقليل من تقدير إمكاناته الحقيقية داخل الاقتصاد السائد. وتتفاقم هذه المشكلة بسبب غياب الأساليب، أو الأطر الموحدة لقياس تأثير الوقف. علاوة على ذلك، فإن قضايا المساءلة التي لم يتم حلها داخل مؤسسات الوقف، من شأنها أن تزيد من الدعوة إلى تحسين إجراءات المساءلة. ولمعالجة هذه المشاكل، يظهر مقياس الأثر الاجتماعي (SIM) كأداة حاسمة، وهو نظام أو إطار لتقييم فعالية المنظمة في إحداث تأثير مجتمعي إيجابي. لذلك، تهدف هذه الدراسة إلى استكشاف ممارسات مقياس الأثر الاجتماعي الحالية بين مؤسسات الوقف في ماليزيا، وفهم تصورات تلك المؤسسات فيما يتعلق بدور مقياس الأثر الاجتماعي في تحقيق المساءلة، كما تهدف إلى تحديد التحديات الرئيسية في تطوير واعتماد مقياس الأثر الاجتماعي، وفي نهاية المطاف، تطوير إطار مقياس الأثر الاجتماعي لمنظمات الوقف. تستخدم هذه الدراسة نهجًا نوعيًا وتتبنى منهج "دراسة الحالة"، مع استخدام كلٍّ من تحليل الوثائق، والمقابلة شبه المنظمة، وأداتين لجمع البيانات. تم إجراء مقابلات مع (16) ممثلًا موزعين على (4) منظمات وافية متنوعة، تمثل منظمات الوقف الخاضعة لإشراف الحكومة الفيدرالية، وحكومة الولاية، واتحاد وقف الشركات، ومؤسسة لابوان الدولية للوقف. وقد كشفت هذه الدراسة عن مستويات متفاوتة من التطور في إدارة المعرفة بين مؤسسات الوقف. فبينما تبنت بعض المؤسسات بعض أدوات مقياس الأثر الاجتماعي، إلا أن بعضها ما زال في المراحل الأولى من التطوير. وبشكل عام، يُنظر إلى مقياس الأثر الاجتماعي على أنه أداة مهمة لتعزيز المساءلة أمام المانحين، والمستفيدين، والمنظمين، والمتعاونين، وأمام الله تعالى. كما يُنظر إلى مقياس الأثر الاجتماعي على أنه أداة لبناء الثقة، وتعزيز الحوكمة. كما كشفت النتائج كذلك أن التحديات التي تواجه اعتماد مقياس الأثر الاجتماعي، تشمل نقص كلٍّ من الخبراء، والموارد المالية، ووجود العقبات التنظيمية، والتصور العام، والتوحيد القياسي. ومع ذلك، فإنَّ هناك إجماعًا على مدى ملاءمة مقاصد الشريعة لكي تُدرج في إطار عمل مقياس الأثر الاجتماعي الخاص بمنظمات الوقف. وقد تُوجت الأفكار التي تم جمعها من هذه الدراسة، بتطوير إطار عمل مخصص للوقف، بحيث يتضمن توافقًا على كلٍّ من المهام، ونظرية التغيير، وعناصر المساءلة، وعوامل النجاح الرئيسية. يقدم هذا الإطار دليلًا مرئيًا لمنظمات الوقف لتقييم مدى ملاءمة مقياس الأثر الاجتماعي لاحتياجاتها، وظروفها الخاصة. كما تقدم هذه الدراسة الرائدة في ماليزيا إسهامًا كبيرًا في كلٍّ من الأدبيات، والهيكلة المعرفية الخاص بمقياس الأثر الاجتماعي في سياق منظمات الوقف، ونظرية المساءلة. تسد النتائج التي توصلت إليها هذه الدراسة الفجوة بين النظرية والتطبيق، وذلك فيما يتعلق بعملية تحسين مساءلة منظمات الوقف تجاه أصحاب المصلحة، وتنبية صناعات السياسات، والوكالات المختلفة، من أجل تقديم الدعم والتدريب اللازمين للحد من حجم التحديات التي تواجه عملية اعتماد خطة مقياس الأثر الاجتماعي. وتمهد هذه الدراسة أيضًا الطريق لمستقبل أكثر قوة وخضوعًا للمساءلة فيما يتعلق بقضية الوقف، وبالتالي تعزيز تأثيره على المجتمع.

APPROVAL PAGE

The thesis of Nor Syahirah Binti Mohamad Zain has been approved by the following:

Rusni Hassan
Supervisor

Name
Co-Supervisor

Romzie bin Rosman
Internal Examiner

Nurul Aini Muhamed
External Examiner

Abdulhamid Mohamed Ali Zaroum
Chairman

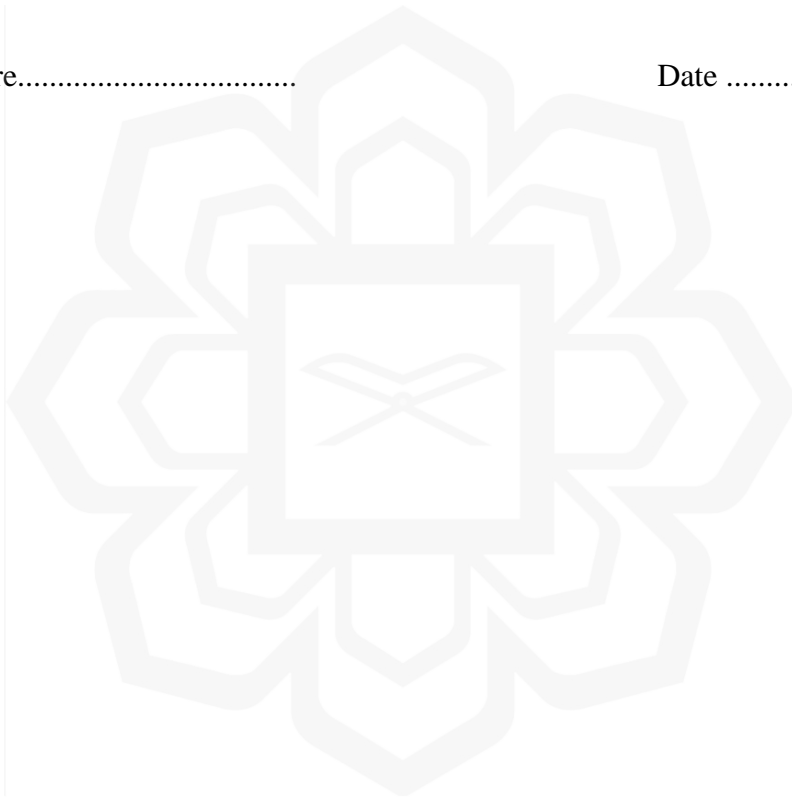
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I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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DEDICATION

I dedicate this thesis to two remarkable women whose hands have shaped my world: my mother, Mariah binti Yusoff, who painstakingly paved the way for others to receive an education despite not having the opportunity to gain one herself, and my late mother-in-law, Allahyarhmah Dr. Che Noraini Hashim, whose unrelenting passion for education continues to live on through those whose lives she's touched.

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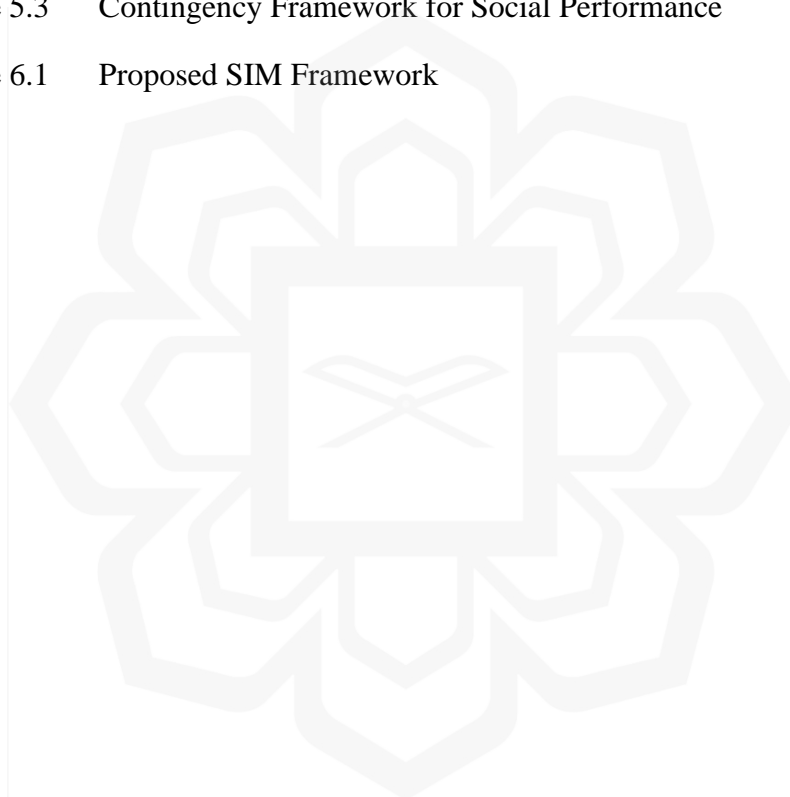
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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Waqf is one of the Islamic financial instruments renowned for its vital contribution to stimulating socio-economic growth. Historically, waqf played a significant role in the development of Islamic nations, providing essential support to the impoverished and vulnerable, even within informal structures (Mahomed, 2017). The essence of waqf lies in the altruistic dedication of movable or immovable assets by their owners for perpetual societal benefit. This concept, deeply rooted in Islamic teachings, is consciously designed for the greater good of society (Rehman, 2019).

In Malaysia, waqf is administered by the State Islamic Religious Council (SIRC) as the sole trustee of all waqf assets. Despite the growing prominence of waqf, Arshad and Zain (2017) argue that waqf organisations in Malaysia have not fully leveraged their potential to address the socio-economic challenges faced by society. Waqf organisations can no longer be perceived as merely religious organisations, but they must also be seen as an essential part of the third sector that holds significant influence (Arshad & Haneef, 2016; Islahi, 2003; Sadeq, 2002). There has also been an increasing call for improved methods to assess and manage the social, economic, and environmental impacts arising from financial activities by third sector organisations (Nicholls et al., 2009; Noordin et al., 2018). As such, waqf organisations, too, are expected to exhibit transparency and accountability to their stakeholders concerning their effectiveness in addressing society's socio-economic challenges and fulfilling the fundamental objectives of waqf.

To meet this demand for accountability and transparency, social impact measurement (SIM) emerges as a crucial tool. By employing SIM, waqf organisations can systematically gauge and manage their societal contributions, ensuring they align with the core objectives of waqf and effectively address the socio-economic

challenges faced by society. SIM is a system, tool or framework that evaluates the effectiveness of an intervention in creating positive social impact. SIM facilitates organisations in comprehending their efforts to serve society's best interests (ASVB, 2018). In essence, it is designed to identify changes in social impacts, or the success of an organisation's project based on the logical chain of results, by way the organisation's inputs and activities lead to a series of outputs, outcomes and impacts (Ebrahim & Rangan, 2010). While most organisations typically measure only outputs, such as the number of meals served to underprivileged children, SIM explores deeper by assessing the ultimate impacts of those outputs on society and the environment, such as the quality of those meals and their effects on children's health and education.

SIM is widely used in organisations like social enterprises, charities, voluntary groups, NGOs, and non-profits, collectively known as third sector organisations (TSOs). There is a growing focus on SIM due to the need to show tangible outcomes in tackling social issues like poverty and inequality. This emphasis on impact is largely spurred by funders who want to ensure their money is being used effectively, encouraging a spirit of accountability. They want to know if their funds are making a real difference or if their funds are better spent and invested elsewhere, where impacts are maximised.

In the context of waqf organisations, there is a special responsibility to be accountable to God and as well as to waqf contributors. Thus, waqf organisations must ensure the funds or assets endowed as waqf serve the intended purpose perpetually. SIM allows waqf organisations to measure the extent of their impact and the effectiveness of their social programmes in meeting the goals of waqf. Waqf organisations have been recognised as one of the organisations that take responsibility and accountability in managing endowment funds and properties in Muslim countries (Adnan et al., 2013). Not only that, it is also viewed as a one of the crucial TSOs in the Islamic tradition over the last few decades (Arshad & Haneef, 2016). Therefore, unlike other TSOs, waqf organisations need to not only measure their impact systematically, but also to ensure the fulfilment of its accountability to its stakeholders and most importantly, to God, Allah. However, despite the common fundamental

principles of both conventional TSOs and waqf organisations, discussions and research on SIM as an accountability tool for waqf remains relatively unexplored.

In the past, studies mainly looked at how well waqf organisations perform using numbers like money and ratios (Shafii et al., 2014). More recently there is a focus on other alternative approaches, such as qualitative or non-financial measurements. For instance, Ramli et al. (2018) and Noordin et al. (2017) proposed several ways to measure the performance of waqf organisations. They came up with ideas like using the Balanced Scorecard concept and creating guidelines to help waqf organisations track their performance better. These studies also stressed the need to understand how waqf organisations make a difference in society. Another study by Kamaruddin et al. (2020) found that waqf organisations usually disclosed their work only in financial terms. They contended that waqf organisations should provide socio-economic impact disclosure based on the five elements of inputs, activities, output, outcome, and impact.

This study, therefore, intends to further this discourse by understanding the current SIM practices in waqf organisations in Malaysia and developing a feasible SIM framework for them. To achieve this, established SIM frameworks used in the third sector will be referenced, as well as the unique local context of Malaysian waqf organisations will be carefully considered – acknowledging their needs, role and challenges as Islamic social finance organisations in Malaysia. The insights from local waqf organisations are valuable in the researcher's efforts to propose a feasible framework for waqf organisations in Malaysia by exploring deeply into the current practices and challenges faced by waqf organisations in measuring their social impact. Additionally, this study also aims to explore how these organisations perceive the role of SIM in being accountable to their stakeholders, providing a comprehensive understanding of their perspectives. To achieve all the aforementioned objectives, the study adopts qualitative research methodology using semi-structured interviews and document analysis as key data collection methods.

1.2 STATEMENT OF PROBLEM

Pursuant to the background of the study discussed in Section 1.1 earlier, this study posits a statement of problem revolving around the absence of a consistent and dependable method for evaluating the performance and impact of waqf organisations in Malaysia. This deficiency undermines accountability, affecting these organisations' ability to secure funding and support. Given waqf's significance within the third sector, both in terms of its societal contributions and potential economic benefits, this issue has gained increased attention and importance.

The first aspect of this problem pertains to the lack of emphasis on outcome and impact in the current performance measurement system for waqf (Kamaruddin et al., 2020). This potentially leads to waqf not receiving the recognition it deserves in the mainstream economy, potentially leading to a systematic undervaluation of its true achievement (Azman & Ali, 2019; Noordin et al., 2017). This is similar to how the success of Islamic finance in meeting its fundamental objectives (rooted in *Maqāsid al-Sharī'ah*) has always been questioned due to lack of evidence (Tarique et al., 2020). Historically, waqf has played a pivotal role in financing essential community projects, addressing social issues, and positively making an impact on Muslim societies (Noordin et al., 2017). However, despite its essential role in promoting social welfare and development, waqf's capacity to deliver *maṣlahah* (benefits) to the society is believed to have not been fully realised and accomplished by waqf organisations around the world (Arshad & Zain, 2017; Mohammad et al., 2005). A plausible explanation for this lack of recognition and unrealised potential is the absence of a systematic methodology to measure, demonstrate and communicate the social impacts and values generated by waqf initiatives (Azman & Ali, 2019; Noordin et al., 2017).

The performance of waqf organisations has been conventionally and predominantly assessed using quantitative methods such as accounting and financial ratios (Abdul Rahman et al., 1999; Ihsan & Ibrahim, 2011; Shaikh et al., 2019; Siraj, 2012; Sulaiman & Zakari, 2015) and balanced scorecards (Ramli et al., 2018). While these quantitative methods have their importance, a more holistic approach to performance measurement focusing on other measures such as the organisation's

social mission and its ability to clearly and consistently communicate its social value, is vital too. Azman and Ali (2019) opines that SIM could be a crucial consideration for Islamic social finance institutions to have in order to test their contribution to society and verify whether they are fulfilling the fundamental reason for their existence.

Furthermore, as public interest in waqf management and efficiency continues to grow, waqf organisations are increasingly expected to demonstrate their accountability through transparent disclosure practices (Ihsan et al., 2016). Unfortunately, according to Kamaruddin et al. (2020), current practices in Malaysia focus primarily on financial disclosure, with less emphasis placed on providing information about impact of waqf-funded programmes, projects and activities. This discrepancy has spurred public demands for greater transparency regarding waqf-funded programmes and activities, particularly from State Islamic Religious Councils (SIRCs), who have attracted significant attention in recent years (Masruki et al., 2018). One key issue contributing to this heightened public interest is the historical problem of ineffective waqf fund distribution and insufficient information disclosure related to this distribution process (Wahid et al., 2009). According to Arshad and Zain (2017), in 2014, the Auditor General's office recommended for more efforts by the SIRCs to continuously enhance the management and development of waqf properties to ensure the responsibilities that have been entrusted to them are fulfilled, and waqf objectives are achieved. At the core of this recommendation lies the need to improve their accountability. Indeed, according to Arshad and Zain (2017) and Yaacob (2006), waqf organisations in Malaysia have been facing persistent accountability challenges in the past years. Therefore, failure to address these issues could lead to a substantial reduction in waqf assets, with detrimental consequences for socio-economic development within the Muslim community (Arshad et al., 2018). Consequently, this potentially reduces the trust in waqf organisations.

To address the aforementioned challenges on the issues of accountability in waqf organisations in Malaysia, it is essential for waqf organisations to consider adopting measurement practices such as SIM to build public trust and ensure accountability. According to Noordin et al. (2017), in order for TSOs to continue

receive funding support, a comprehensive system to measure performance is essential for TSOs who are continuously pressured to demonstrate accountability in managing charitable funds. This is equally important for waqf, who is known as a significant part of TSOs with great potential for improving social and economic well-being. In light of this, waqf organisations must respond to this growing call of impact measurement as an accountability effort towards its stakeholders, not just to donors but also to their beneficiaries and regulators. Disclosing appropriate information on the impact of waqf can be used as a means to garner support and increase confidence from the public to continue to invest in waqf (Ramli et al., 2018). Without adequate measurement and proper disclosure of impact, the public remains unaware of the impact of waqf projects and programmes, therefore leading to low overall participation (Kamaruddin et al., 2020).

From the perspective of a public accountability paradigm, Kamaruddin et al. (2020) argues that the information related to public services by waqf organisation becomes public right. Several studies have highlighted the importance of accountability to stakeholders as a key rationale for implementing a SIM framework (Arvidson & Lyon, 2014; Epstein & Yuthas, 2014; Pathak & Dattani, 2014; Zain & Hassan, 2023). On top of that, from an Islamic accountability's perspective, the relationship between the donor (*waqif*) and the trustee (*mutawalli*) is ultimately built upon this concept of concept of trust (*amānah*), vicegerent (*khalīfah*) and a man's primary accountability to answer to Allah. However, despite the growing attention towards SIM and its role in discharging accountability, the adoption has not been reflected in faith based TSOs such as waqf organisations yet (Alomair, 2018; Noordin et al., 2017). Therefore, the call for waqf to systematically measure its impact is to ensure accountability, not only to its stakeholders, but most importantly, accountability to Allah. What remains unknown is whether waqf operators perceive SIM as an important tool for upholding accountability.

Next, studies have also shown that TSOs, not-for-profit organisations and for-profit organisations face multiple challenges in adopting SIM. Despite the growing amount of research on the topic, organisations still struggle to decide on which method is the most effective them for them to adopt. This challenge is further

exacerbated with the limited financial and human resources faced by TSOs (Clark & Brennan, 2016), which limits the organisations' ability to hire experts and collect sufficient data for a comprehensive and effective measurement. Other challenges that are prevalent in for profit organisations include having to balance their efforts of producing positive social impact and being financially sustainable at the same time (Kämpfer, 2017).

One of the crucial parts of SIM includes the reporting and communicating the impact within the organisation as well as to the public. Many studies in the past have highlighted the weak reporting practices among waqf organisations, encompassing aspects like financial and non-financial disclosure (Kamaruddin et al., 2018), performance and sustainability (Hanefah et al., 2020; Hashim, 2019; Sulaiman & Zakari, 2019), social impact (Kamaruddin et al., 2020; Noordin et al., 2017), governance (Daud, 2019; Kamaruddin & Hanefah, 2021; Noor, 2022; Ramli & Muhamed, 2013), and the quality of reporting (Hanefah et al., 2021). Kamaruddin et al. (2022) uncovered five reasons for the weak reporting, with the main one being the absence of standardised waqf reporting standards. In light of the diverse disclosure needs of waqf stakeholders, comprehensive waqf reporting should encompass multiple critical aspects that are currently absent as mentioned above. Given that SIM offers a framework capable of addressing these multifaceted reporting demands, it becomes imperative to explore the specific challenges of the adoption of SIM within waqf organisations.

Finally, studies have shown that numerous approaches, tools, methods and frameworks have been developed to evaluate and measure impact (Clark et al., 2004; Kah & Akenroye, 2020; Kämpfer, 2017; Maas & Liket, 2011; Nicholls et al., 2009). However, the existence of numerous approaches and methods, combined with a lack of standardisation in measuring social impact, makes it difficult to establish accountability to multiple stakeholders and for diverse purposes (Ebrahim et al., 2014). In the context of social enterprises, the adoption of specific SIM tools or frameworks is often driven by the desire to support internal decision-making and fulfil the accountability requirements of various stakeholders (Crucke & Decramer, 2016).

This could be applicable for waqf, except waqf also has faith and religiosity at its core.

Yet, most of the literature on the subject matter in waqf is under-theorised and requires conceptual framing. Existing studies have also highlighted the pressing need for a systematic method to measure the social impact of waqf institutions (Sari et al., 2020). The lack of a systematic impact framework has contributed to the inability to measure social impact of waqf as well as the incapability to analyse areas that need improvement. This call of action is also consistent with the growing realisation that there is a demand for better ways to account for the social, economic and environmental value that results from financial activities (Nicholls et al., 2009) including one for waqf institutions (Noordin et al., 2017).

Based on the premises above, this study seeks to address the issues discussed by meeting the objectives in Section 1.3 and answering the questions posted in Section 1.4.

1.3 RESEARCH OBJECTIVES

To address the problems stated above, this research aims to meet the following objectives:

1. To explore the mechanisms used by waqf organisations in Malaysia to measure social impact.
2. To explore the perception of waqf operators in Malaysia with regards to the role of SIM in fulfilling accountability.
3. To identify key challenges in developing and adopting SIM for waqf organisations in Malaysia.
4. To develop a SIM framework for waqf organisations.

1.4 RESEARCH QUESTIONS

Based on the objectives of the study shared in the previous section, the research questions are formulated based on each objective. They can be specified as follows:

1. How do the waqf organisations in Malaysia currently measure social impact?
2. What are the perceptions of waqf operators in Malaysia on the role of SIM in helping organisations fulfil their accountability?
3. What are the key challenges of waqf organisations in developing and adopting SIM in Malaysia?
4. What is the most feasible SIM framework for waqf organisations?

The problem statement, research objectives and questions are mapped in Table 1.1:

Table 1.1 Problem Statement, Research Objectives and Research Questions

Problem Statement (PS)	Research Objectives (RO)	Research Questions (RQ)
PS1. The current performance measurement system for waqf lacks focus on the measurement of outcome and impact, possibly causing waqf to not be recognised accordingly in the mainstream economy, hence underestimating its true potential.	RO1. To explore the mechanisms used by waqf organisations in Malaysia to measure social impact.	RQ1. How do the waqf organisations in Malaysia currently measure social impact?
PS2. Various accountability issues within waqf organisations in Malaysia and the call for better accountability measures.	RO2. To explore the perception of waqf operators in Malaysia with regards to the role of SIM in fulfilling accountability.	RQ2. What are the perceptions of waqf operators in Malaysia on the role of SIM in helping organisations fulfil their accountability?

Problem Statement (PS)	Research Objectives (RO)	Research Questions (RQ)
PS3. There is a gap in identifying the challenges faced by waqf organisations in adopting SIM. Past studies have included challenges faced by TSOs and for-profit organisations.	RO3. To identify key challenges in developing and adopting SIM for waqf in Malaysia.	RQ3. What are the key challenges of waqf organisations in developing and adopting SIM in Malaysia?
PS4. Lack of standardised SIM methods and framework for waqf organisations.	RO4. To develop a SIM framework for waqf organisations.	RQ4. What is the most feasible SIM framework for waqf organisations?

Source: Author's Compilation

1.5 SIGNIFICANCE OF STUDY

The significance of this research is twofold. First, it fills a knowledge gap in the existing literature about waqf, SIM and its relation to accountability. This study contributes to narrow the current gap in research on SIM in Islamic social finance, specifically waqf. To the best of the researcher's knowledge, while there have been conceptual studies on SIM and waqf (Arshad et al., 2015; Noordin et al., 2017; Ramli et al., 2018), the topic is still at an infancy stage and therefore, this study will be one of the earliest empirical studies combining waqf and SIM after Masruki et al. (2019), Kamaruddin et al. (2020) and Mohtehsham (2021). The findings of this study will significantly contribute to the literature in this field. Not only the study helps advance the literature in SIM in Islamic finance, but it also addresses the gaps in literature on SIM within the realm of accountability.

Secondly, this paper has some important practical implications. The development of the SIM framework tailored for waqf organisations provides not only valuable guidance for waqf organisations, but it also acts as a call for action by policymakers and government agencies to address the challenges faced by waqf organisations in their adoption of SIM. The support from the relevant agencies is a crucial enabler to a successful adoption of SIM in waqf organisations. Other contributions of this study will be discussed in greater detailed in Section 6.3.

1.6 ORGANISATION OF STUDY

This study is organised into seven chapters. The first chapter introduces the study by explaining its background, problem statement, research questions and objectives, as well as its significance.

Chapter two is the literature review. This chapter is divided into three main sections. The first section discusses an elaborated definition and theoretical framework of waqf, its higher objectives (*maqāṣid*) and the positive impact waqf has made with regards to the socio-economic development of societies and nations in the past. Thereafter, a discussion on the waqf set-up and administration in Malaysia, including those under the purview of federal government, State Islamic Religious Council (SIRC), corporate waqf and offshore (by LIBFC) will also be explored. This section will also look into the similarities waqf organisations have with TSOs. The second section explores the theory of accountability, both from the conventional and Islamic perspectives, and the application of accountability in waqf based on literature. Finally, the last section explores the theoretical concept of social impact and the various SIM frameworks and methods that have been developed and adopted by different sectors, primarily TSOs. Any gaps in existing literature are also addressed in this chapter.

Chapter three explains the methodology and approach adopted by this study in detail. This includes an explanation of the research approach, the methods employed, data collection procedures, sample selection and data analysis techniques. The research framework is also shared in this chapter.

Chapter four provides an insight into the findings of data collected. The findings are classified by each organisation and further structured based on the research objectives.

Chapter five analyses, interprets, and discusses the data collected from the four case studies in order to meet the research objectives of the research. This chapter is

structured based on the research objectives and discussed based on the common theme discovered during the case study exploration.

Finally, chapter six provides a summary of the analyses presented in the previous chapters of the study and the contribution this study makes to the field of knowledge and practical implications. It also considers the limitations of the research and suggests several recommendations for policymakers and future research.

1.7 CHAPTER SUMMARY

In conclusion, this chapter serves as a foundational pillar for the study, setting the stage for the in-depth exploration of SIM frameworks in the context of waqf organisations in Malaysia. The significance of this research topic lies in its potential to address critical issues faced by waqf organisations, including the lack of standardised methods to measure their social impact and the challenges related to accountability. By explaining the gaps in the existing literature and identifying the pressing need for a tailored SIM framework, this study embarks on a journey to contribute valuable insights to the field of Islamic social finance.

This chapter clearly outlines the research goals and questions, showing the study's aim to fill the gaps in knowledge and provide practical solutions. The qualitative research methods, adopting a combination of exploratory and case study strategy, are carefully chosen to understand the details of waqf organisations and how they measure their social impact. Using these methods, the study plans to uncover the current ways waqf organisations measure their impact, the problems they face, and the possibilities for improvement in social impact measurement for these institutions.

As the study progresses in the subsequent chapters, it aims to shed light on the practical ways to help waqf organisations in Malaysia. These findings from the study could also be useful for similar organisations worldwide. By creating a detailed social impact measurement framework specifically for waqf, this study strives to make these organisations more effective, transparent, and socially beneficial. Through careful analysis and thoughtful interpretations in the upcoming chapters, the study will

explore the complexities of SIM for waqf. This exploration will provide important insights for policymakers, professionals, researchers, and others interested in Islamic social finance.



CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter focuses on important literature concerning the theoretical framework of the three areas that make up this study, which are waqf, accountability, and social impact measurement (SIM). It continues to explore literature within each area and identify gaps that form the foundation of this study.

In the first section, a comprehensive exploration of waqf is presented, including its higher objectives (*maqāṣid*) and similarities with the third sector organisations (TSOs). Additionally, it provides a brief overview of waqf administration in Malaysia, encompassing entities supervised by the federal government, State Islamic Religious Council (SIRC), corporate waqf, and offshore initiatives managed by Labuan International Business and Financial Centre (LIBFC).

The second section critically analyses the concept of accountability, considering both conventional and Islamic perspectives. It delves into existing literature on accountability within waqf organisations, incorporating insights from empirical studies to enhance understanding.

The third section examines the theoretical aspects of social impact, exploring various SIM frameworks, tools and methods adopted across different sectors.

The fourth section explores lessons that can be learnt from the literature on performance measurement while the fifth section finally brings together all the concepts from the earlier section on waqf, accountability and SIM. Other studies that are interrelated with the three concepts and have not been discussed in the earlier sections are addressed in this section. This exploration not only emphasises the

importance of SIM in both Islamic finance but also identifies existing gaps in knowledge and practice.

In conclusion, this chapter presents a critical review of literature from the areas discussed, clarifying the current gaps. The review does not separate between conceptual and empirical studies, but rather it is arranged based on the key concepts needed to meet the research objectives.

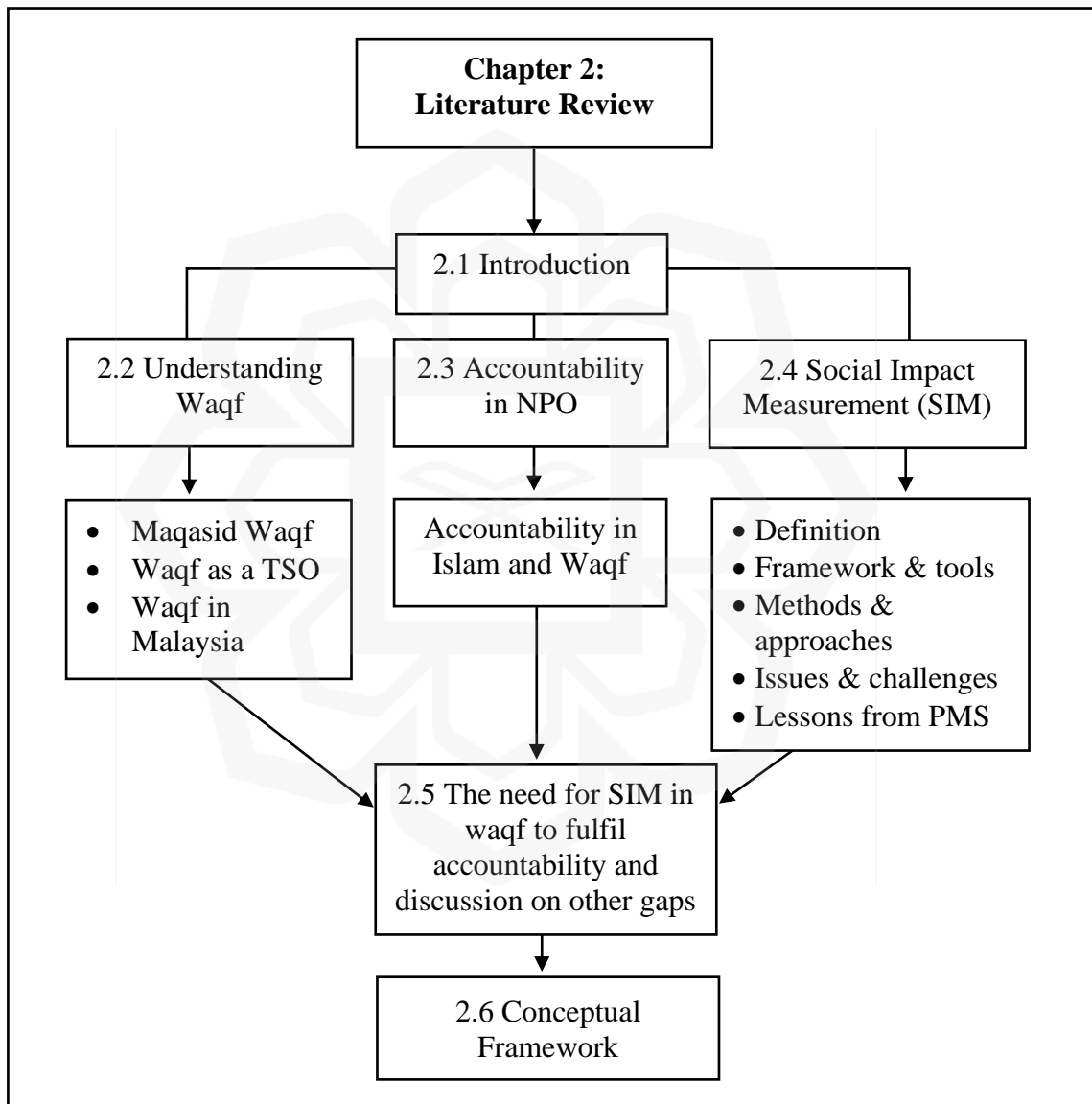


Figure 2.1 Chapter Two Structure

2.2 WAQF

Waqf is one of the noble vehicles for wealth preservation and management in Islam (CIWM, 2015). Waqf, in the Arabic language, means to stop, contain, or preserve. As a concept, waqf can be referred to as charitable endowments (Zain & Sori, 2020). It is a voluntary and irrevocable dedication of one's wealth, either in cash or kind, and its disbursement is dedicated for Shariah compliant projects that are beneficial (Elasrag, 2017). Waqf establishes an ecosystem where the rich support the vulnerable to meet their basic needs (Ali, 2019). It transfers wealth and changes property rights from private to public, instead of passing the wealth among family members through inheritance.

A donation must consist of three important characteristics to qualify as a waqf. They are (i) perpetuity, (ii) irrevocability and (iii) inalienability. The characteristic of perpetuity means the waqf asset must be perpetual in nature and unlimited period, benefitting both the donor and beneficiary. The donors could benefit from perpetuity following the hadith narrated by Muslim who reported that Prophet Muhammad (PBUH) said, *“When the son of Adam dies, his deeds are cut off except in three: perpetual charitable donation and useful knowledge that is made good use of it and the pious son who prays for him”*.

The majority schools of thought, except for Maliki and one section of Hanbali school of thought holds the view that perpetuity is indeed an important principle of waqf (Osman, 2012). Next, the notion of irrevocability implies that once a donation is declared as waqf, it shall maintain so and can no longer be revoked. The principle is unanimous and agreed upon by all Islamic jurists. Finally, inalienability means waqf assets are not subjected to exchange by the way of sale, gift, inheritance, disposition, attachment, or any alienation whatsoever, except for valid reasons, such as to increase the value or income of waqf properties. These characteristics are closely related, and it is safe to say that the characteristics underlying waqf are to ensure that waqf assets bring continuous benefits to beneficiaries as well as prolong the rewards to the donors.

Waqf was initially dedicated to building and managing religious institutions such as mosques and cemeteries, but its role was then extended to other socio-economic welfare of the society such as creating and maintaining universities, schools, hospitals, graveyards, orphanages, and others (Mahamood, 2000). It remains a mechanism for the social and economic development of Muslim society throughout the Islamic history until today (Laldin & Furqani, 2013).

In recent years, there have been several bibliometric analysis studies of the scholarly research focusing on waqf, reporting on the growing trend of waqf research and related areas (Aldeen, 2021; Alshater et al., 2021; Uluyol et al., 2021; Yusuf et al., 2021). A thirty-year bibliometric analysis by Uluyol et al. (2021) revealed that the most relevant topics about *waqf* that have been discussed in literature are with regards to its historical roots, management of sustainable development, philanthropy tool and its relationship with Islamic law. Meanwhile, Alshater et al. (2021) identified four major dimensions of waqf research, which are cash waqf endowment; Islamic accountability and waqf; waqf and Islamic social finance; and governance for waqf.

One significant finding is the prominence of accountability, which ranks among the top ten keywords associated with waqf (Alshater et al., 2021). Ainol-Basirah and Siti-Nabiha (2022) conducted a systematic review of waqf accountability studies to develop a conceptual understanding of accountability in this unique context. The findings revealed a limited number of research papers addressing accountability of waqf organisations in comparison to the growing body of literature on waqf. Existing research encompasses diverse perspectives on accountability, ranging from accounting and reporting to management, as well as holistic accountability. Additionally, it examines various factors that influence the attainment of accountability, including governance, performance measurement, and intellectual capital.

2.2.1 Higher Objectives of Waqf Based on *Maqāṣid al-Sharī'ah*

According to Cowan (1980) in Arshad et al. (2018), *Maqāṣid* is an Arabic word that derived from the ward *Maqaṣa* or *Qaṣad*, which means objective, goal, aim, resolution, purpose, design, intent, intention or destination. Shariah is the rulings of Islam (*aḥkam*) that oversees the belief system (*aqīdah*), the relationship between man and God (*'ibadah*), the interactions between people (*mu'amalah*) and morality and ethics (*akhlāq*) (Laldin & Furqani, 2013). Together, *Maqāṣid al-Sharī'ah* is simply the higher objectives of the rules of the Shariah, the observance of which, facilitate the normal functioning of society by enhancing the public good (*maslahah*). According to Al-Shatibi, there are three main classifications of *maslahah*, namely, necessities (*darūriyyat*), needs (*hajiyyat*) and embellishment (*taḥsiniyyat*). The Ghazali theory classifies five key necessities under the Shariah (*al-Darūriyyat al-Khams*), namely safeguarding the religion (*dīn*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*māl*). According to Abdullah (2018), shariah's fundamental purpose boils down to promoting ease and removing hardship for human beings. The intent, objective and purpose are to achieve social and economic justice, prevent vices and corruption, as well as enhance the welfare of the community (Chapra, 1996).

Maqāṣid al-Sharī'ah provides the fundamental foundation for the overall objectives of *waqf* or *Maqāṣid Waqf*, which is doing good deeds to seek the pleasure of Allah (Mahmud & Shah, 2010). Having this as the underlying objective will guide *waqf* in establishing guidelines for its operations and setting directions accordingly.

The higher objectives of *waqf* should cover the overall *maslahah* (benefits) for the society and do not confine to any specific good deeds (Laldin et al., 2012). According to Ibrahim and Khan (2015), *waqf*'s objectives focus on preserving *waqf* properties, which include protection from harm and destruction, illegal occupation, freedom from corruption, ensuring transparency and accountability, and fulfilment of conditions in *waqf* agreement. Al-Mubarak (2016) highlighted that other objectives of *waqf* are safeguarding the perpetuity of *waqf* by ensuring the economic activities should be sustainable, efficient, economically viable and profitable, equitable distribution of wealth and contributing to the construction of civilisation.

According to Azman and Ali (2019), Islamic financial institutions must be sure of their objectives and what their existence represents. Thereafter, they must put in efforts to translate the *Maqāṣid al-Sharī'ah* into actionable and measurable results. A similar notion could be applied to waqf organisations too. The authors believe what would help organisations communicate their values clearly and align their priorities better are true a good impact reporting. Azman and Ali (2019) opines that SIM could be a crucial consideration to have in place in order to verify whether the organisations are fulfilling their higher objectives.

2.2.2 Waqf as A Third Sector Organisation

Third sector organisations (TSOs) are defined as a spectrum of organisations that are neither within the public sector nor private sector (UK National Audit Office). It includes social and economic organisations which are established for a purpose such as educational institutions such as universities and schools, religious institutions, healthcare centres, local, state and federal governments, non-governmental organisations (NGOs), non-profit organisations (NPOs), charitable institutions, trade unions, humanitarian aid agencies, thinktanks, networks and clubs, foundations, cooperatives, civil rights organisations, political organisations and parties, and others (Frumkin, 2005; Moxham, 2009; Valentinov, 2011). Meanwhile, Taylor (2010), a national economy can be conceptualised as having three sectors: the public sector, the private sector, and a third sector “where organisations established by people on a voluntary basis to pursue community or social goals”. Based on the definition, waqf organisations are considered a form of TSO, which makes it a part of the integrated economic system, distinct from both the public and private sectors (Arshad & Haneef, 2016; Hassan & Salman, 2018). *Waqf* organisations are highly influential and can no longer be perceived as simply religious organisations (Arshad & Haneef, 2016; Islahi, 2003; Sadeq, 2002). For this research, the terms TSO or NPO will be used interchangeably to describe *waqf*, depending on the literature it refers to.

Defourny and Pestoff (2008) designed a Welfare Triangle model highlighting the fundamentally open, mixed, pluralistic and intermediary nature of the third sector

by representing a comprehensive relationship between the state, market and third sector. Arshad and Haneef (2016) then adapted this model to consider the Malaysian *waqf* context as seen in Figure 2.2 This hybrid coexistence of TSOs means that the non-profit objective of the third sector is shared by either the state, firms or individuals, in which the established TSOs (either in areas 2, 4 or 6) comprises a welfare mix.

Areas 2 and 4 illustrate the involvement of Malaysian TSOs in the formal economic, social, and political aspects of the national development framework. At the same time, Area 6 depicts the participation of TSOs in the informal or community activities, such as *sadaqah*, devoting certain hours to volunteer at an orphanage or teaching the less privileged. The current formal setup of *waqf* in Malaysia falls under Area 2 because the law requires all *waqf* in Malaysia to be managed and administered by SIRC, ie. the state government, but it could be in Area 4 if they are administered by corporate *waqf*. Explanations on the other areas are included next:

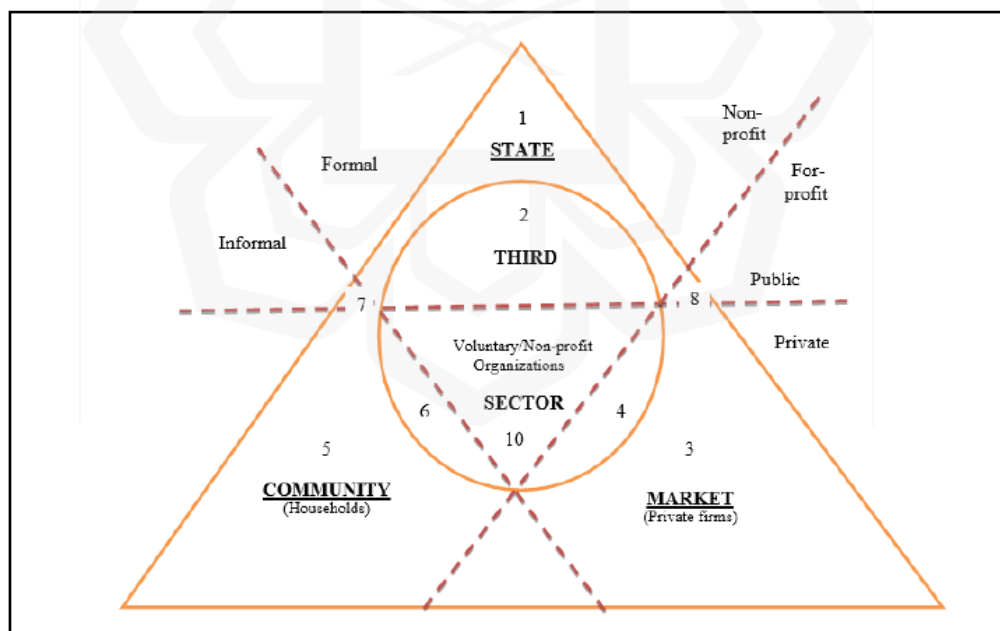


Figure 2.2 The Modified Welfare Triangle Applied to Malaysian Context
Source: Defourny and Pestoff (2008)

- i. **Area 1:** Involves the state's formal but non-profit roles, like providing public hospitals, public schools and road.
- ii. **Area 2:** Shows the state's involvement in non-profit activities, including registered waqf. Given that waqf in Malaysia necessitates registration with the state's Islamic religious department where it operates, the majority of formal waqf in Malaysia fall within the purview of area 2.
- iii. **Area 3:** Represents the private and for-profit companies focused on making money.
- iv. **Area 4:** Includes activities like corporate social responsibility, where companies aim to balance profit with giving back. Similarly, corporate waqf could possibly belong here as it has the value of altruism and giving back via waqf while also maintaining the financial sustainability of the corporation.
- v. **Area 5:** Covers consumption expenditures by individuals and households within the economy.
- vi. **Area 6:** Involves informal volunteering and charitable giving.
- vii. **Area 7:** Shows informal activities carried out by the public sector, including communal initiatives by government agencies or ministries, such as community clean-up efforts or animal slaughtering during Aidil Adha.
- viii. **Area 8:** Encapsulates government agencies' involvement in the economy but with profit-seeking motives. In Malaysia, government-linked companies (GLCs), such as Khazanah Nasional Berhad, Permodalan Nasional Berhad (PNB), Petroleum Nasional (Petronas) are some examples of for-profit entities with other goals such as facilitate the country's economic growth and reduce the financial and administration burden of the government.

- ix. **Area 9:** Encompasses informal activities within the private sector, often associated with small and unlicensed businesses such as night markets (*pasar malam*) or online sellers.
- x. **Area 10:** Contains TSOs that serve various interests, driven by altruism and cooperation. They engage in a broad spectrum of activities related to welfare, health, education, community development, human rights, conservation, and more, addressing the diverse interests of Malaysians. An illustrative example of such an impactful TSO is MERCY Malaysia, which specialises in disaster relief services.

According to Arshad and Haneef (2016), to make waqf more dynamic and autonomous as a pure TSO, it should ideally be in area 10, free from strict government control. Legal changes are needed to grant waqf this freedom, allowing it to develop as an independent organisation in the future.

2.2.3 Waqf Organisations in Malaysia

In Malaysia, the role of waqf has received remarkable attention from the government. This is demonstrated in several special allocations in the country's 9th to 12th Malaysia Plans, as well as in the establishment of Department of Awqaf, Zakat and Hajj under the Prime Minister's Office in 2004. The department's primary mission is to strengthen the institutions of Awqaf, Zakat and Hajj for socio-economic development through governance and service delivery system.

Waqf in Malaysia is administered by the State Islamic Religious Council (SIRC) as the sole trustee of all waqf assets. This is as per the Article 3 of the Malaysian Federal Constitution, which specifies that all administrations pertaining to Islamic affairs, including waqf, are vested in Malay Rulers and their respective state governments. The SIRC's establish a dedicated waqf unit or department in the council or an agency to as a way to administer waqf within its jurisdiction (Sulaiman & Zakari, 2015).

Over time, numerous waqf organisations have been established in Malaysia, and the Malaysian Government has implemented various initiatives to support and develop waqf in the country. One notable initiative is the establishment of the Malaysian Waqf Foundation, also known as Yayasan Waqaf Malaysia (YWM) on 23 July 2008 by JAWHAR. As an autonomous body, YWM is responsible for the development, management, and promotion of waqf in Malaysia. It collaborates with SIRC and other institutions to advocate for waqf and ensure the efficient and effective utilisation of waqf resources. Figure 2.3 illustrates the waqf governance in Malaysia and the relationship between YWM, JAWHAR and SIRC.

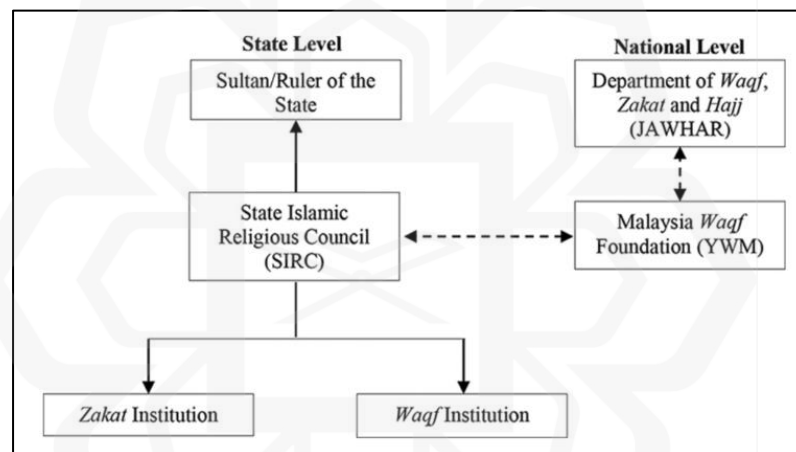


Figure 2.3 The Relationship Between SIRC, JAWHAR and YWM
Source: Hashim (2019)

Another effort to promote the development of waqf is via the inclusion of corporate management of waqf, also known as corporate waqf. It is an arrangement that combines corporate efforts to give back to society through the concept of waqf to encourage economic growth and promote longevity (Saad et al., 2017). When it is appropriately structured, properly organised, efficiently managed and effectively executed, corporate waqf can be anticipated to live up to the same soul and competence of any successful corporate entity (Saad et al., 2017).

In 2015, the Labuan International Business and Financial Centre (LIBFC), known for its unique position in Asia as a mid-shore jurisdiction offering both conventional and Islamic wealth management solutions, introduced an innovative concept. LIBFC innovated and introduced waqf in a private foundation through the development of the Labuan International Waqf Foundation (LIWF), a private foundation rooted in Islamic principles. LIWF holds and manages properties based on Shariah principles of waqf, operating under the legal framework of the Labuan Foundations Act 2010. What sets LIWF apart is its flexibility, allowing it to function as an Islamic wealth management vehicle while also serving charitable purposes, including addressing social welfare needs. LIBFC aimed to elevate LIWF's international appeal by establishing it using well-recognised foundation and trust laws, hoping to attract the Muslim community in Malaysia and beyond.

2.2.3.1 Labuan International Waqf Foundation

The structure of Labuan International Waqf Foundation (LIWF) as issued in the Guidelines on the Establishment of Labuan International Waqf Foundation was approved by FSA and was endorsed by the Shariah Supervisory Council (SSC) of LFSA as a Shariah compliant structure by virtue of Section 107 of Labuan Islamic Financial Services Securities Act 2010 (LIFSSA) and Part III, IV, V and VI of the Labuan Foundations Act 2010 effective 1st March 2015.

Waqf foundation combines the unique features of waqf and private foundation, which allows for an endowment through the waqf principles to be incorporated into a private foundation. As approved by SAC, founders of LIWF may establish different kinds of waqf according to customised preferences and needs such as per below or any model that are within the Shariah principles:

1. **Al-Waqf al-Khairi (Charitable Waqf)** – whereby the income or usufruct of the waqf asset is dedicated for a charitable purposes;

2. **Al-Waqf al-Ahli (Family Waqf)** – whereby the income or usufruct of the waqf asset is reserved for family members and relatives of the Waqif. It will only be channelled to charitable purposes only when none of these persons existent;
3. **Al-Waqf al-Mushtarak (Joint Waqf)** – whereby the income or usufruct of the waqf asset is shared accordingly between the family members and charitable purposes;
4. **Al-Waqf ‘Alā al-Nafs (Self-dedicated Waqf)** – whereby the Waqif retains the income or usufruct of the waqf assets for him as long as he is alive and indicates purpose which shall be entitled to the income or usufruct of the waqf assets after his death; or
5. **Any other types** of waqf in accordance with principles of Shariah.

LIWF provides and protects the conditions of the founder in accordance with the Shariah principles of waqf. When the initial intended beneficiaries are no longer in existence, the benefits of the waqf shall be distributed to charitable purposes as agreed by the Shariah adviser of the waqf foundation.

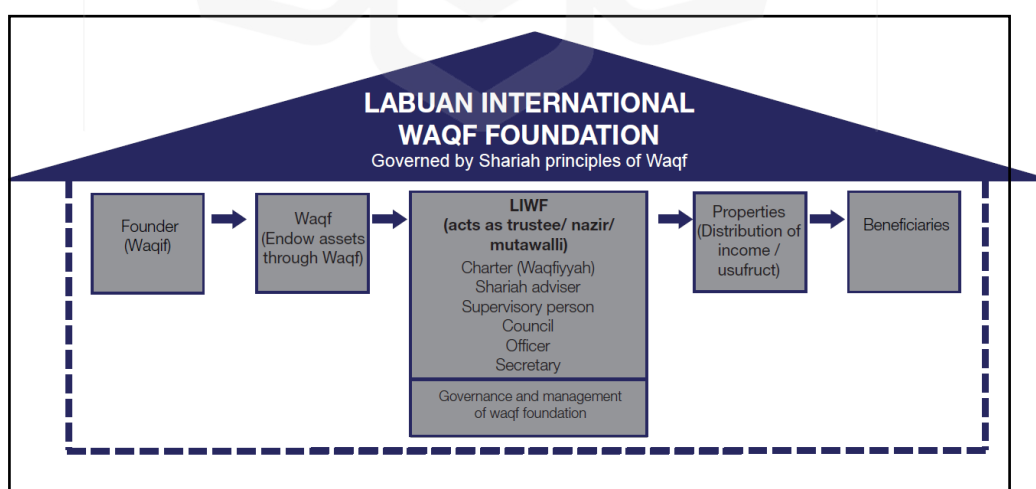


Figure 2.4 The Structure of LIWF
Source: Labuan International Business and Financial Centre

The distinct advantage of establishing a waqf using a foundation as the legal structure is, it gives the founder (*waqīf*) legal certainty, thus allowing proper control and management of the waqf in accordance with the founder's wishes based on the Shariah principles on waqf and provides for greater transparency, organised structure and thus, sustainability in the management of waqf assets. This where the social impact measurement becomes crucial in order to understand, evaluate and improve the impact of the charity programmes to beneficiaries.

2.3 ACCOUNTABILITY

Accountability is often associated with the concept of good governance, transparency, equity, efficiency, integrity, responsiveness, responsibility and democracy (Bovens, 2010) (Bovens, 2010). This section discusses the various definitions of accountability, followed by its association with NPOs and Islamic accountability.

Accountability is defined as the fact or state of taking responsibility for one's decisions or actions whereby one can explain when the need arises (Oxford). It is the means by which individuals and organisations report to a recognised authority (or authorities) and are held responsible for their actions (Edwards & Hulme, 1996). Iqbal and Lewis (2009) asserted that accountability pertains to individuals responsible for managing economic resources, and they are obligated to fulfil their stewardship role, regardless of whether they are employed in private or government organisations. The concept encompasses the relationship between accountant and accountee (Cameron, 2004; Gray & Jenkins, 1993; Ibrahim, 2000; Rahman, 1998).

The literature suggests that accountability is one of the crucial pillars of effective governance, and without it, the governance system would be ineffective (Biondi & Lapsley, 2014; Midin et al., 2017). Accountability is one of the eight major characteristics or principles of good governance (United Nations, 2009). The roles of governance in charity are essential as it determines the presence of accountability,

decides how accountability is fulfilled, influences the nature of generated information, and guides the methods employed for disclosing that information (Hyndman, 1990).

2.3.1 Accountability in NPOs

Accountability means that organisations make a commitment to respond to and balance stakeholder needs in their decision-making processes and activities, and with a promise to deliver (Lloyd et al., 2007). This is deemed important, particularly for NPOs in maintaining public confidence and financial support by giving an account of their activities. According to Ebrahim (2003), accountability should not be seen as a reactive response to pressure such as regulation but should also be a proactive effort in sustaining public confidence in the sector.

There are three accountability types under the holistic accountability concept. They are downward, upwards, and lateral accountability. The level of accountability differs depending on the type of stakeholders, their interests, and the type of organisation. According to Edwards and Hulme (1996), NPOs could either have “downwards accountability”, which refers to the organisations’ partners, beneficiaries, and advocates; or “upwards accountability”, which refers to their trustees, contributors, and respective local authorities. Ebrahim (2003) further broadened the concept of holistic accountability by including lateral accountability as well, which is taking responsibility of volunteers, staff, and other internal stakeholders within the organisation itself.

In his work, Bovens (2010) highlights the complex nature of public accountability, emphasising that no single perspective can fully encapsulate its dimensions. In response to the varied definitions of accountability, the author adeptly categorises this intricate concept into two distinct dimensions. The first dimension is where accountability is regarded as a virtue. This broader concept of accountability is intertwined with a "sense of responsibility," wherein public agents exhibit a willingness to engage in transparent, fair, and equitable actions, reflecting an active

sense of virtuous behaviour. This interpretation aligns with what Ebrahim (2003) referred to as "internal accountability", which is characterised by a sense of "felt responsibility," manifesting through individual actions and alignment with the organisation's mission. This is unlike external accountability, where organisations are held to "prescribed standards of behaviour."

The second dimension of accountability explained by Bovens (2010) is when accountability is seen as a mechanism. This looks into the operational aspects of organisations, specifically exploring whether they can be held accountable by regulatory bodies or accountability forums. In this perspective, accountability takes on a narrower and more passive sense, where it involves the relationship between an actor (such as organisations or civil servants) and a forum. In this context, the actor is expected, at the very least, to feel obliged to publicly explain and justify their actions. The forum, which can take the form of a superior individual, a court, or an institution, holds the authority to pass judgment on the actor's conduct and may, when necessary, impose sanctions as part of the accountability mechanism. This arrangement can be viewed as a principal-agent relationship, where the actor is answerable to the forum in terms of their actions and decisions (Bovens, 2010)

According to Ebrahim (2003), NPOs used five types of accountability mechanisms which are:

- i. **Reports and disclosure statements (tool):** the most widely used accountability tools, usually required by law in many countries.
- ii. **Evaluations and performance assessments (tool):** a type of evaluation that covers both internal and external assessments. According to Ebrahim (2003), external evaluation is typically aimed at evaluating whether the objective of the planned program has been achieved.
- iii. **Participation (process):** it is considered a process instead of a tool. The first level of participation refers to any efforts made by the organisation

to ensure that information about a planned project is available to the public. The second level of participation is through the involvement of the public in the project implementation, especially in the form of labour contribution or fund donations. The third level of participation includes the ability of the citizens to bargain over an organisation's decisions. At the fourth level, people have their own initiatives, independently, over an organisation's projects.

- iv. **Self-regulation (process):** efforts by NGO or non-profit networks to develop standards or codes of behaviour and performance for internal control. Although self-regulation is seen as the normative view of the organisation, it could emerge from enforcement by the regulators.
- v. **Social audit (tool and process):** regular, externally verified process to understand, measure, report on and improve upon an organisation's social performance through stakeholder dialogue. Social auditing is a complex process that encompasses other mechanisms of accountability, such as reporting, performance, participation, and self-regulation. This increases stakeholders' confidence on their operations, organisational values, ethical performance, and economic performance.

Table 2.1 Characteristics of Accountability Mechanisms

Accountability mechanism (tool or process)	Accountability to whom? (upward, downward, or to self)	Inducement (internal or external)	Organizational response (functional or strategic)
Disclosures/ reports (tool)	<ul style="list-style-type: none"> —Upward to funders and oversight agencies —Downward (to a lesser degree) to clients or members who read the reports 	<ul style="list-style-type: none"> —Legal requirement —Tax status —Funding requirement (external threat of loss of funding or tax status) 	—Primarily functional, with a focus on short-term results
Performance assessment and evaluation (tool)	<ul style="list-style-type: none"> —Upward to funders —Significant potential for downward from NGOs to communities and from funders to NGOs 	<ul style="list-style-type: none"> —Funding requirement (external) —Potential to become a learning tool (internal) 	—Primarily functional at present, with possibilities for longer-term strategic assessments
Participation (process)	<ul style="list-style-type: none"> —Downward from NGOs to clients and communities —Internally to NGOs themselves —Significant potential for downward from funders to NGOs. 	<ul style="list-style-type: none"> —Organizational values (internal) —Funding requirement (external) 	<ul style="list-style-type: none"> —Primarily functional if participation is limited to consultation and implementation —Strategic if it involves increasing bargaining power of clients <i>vis-à-vis</i> NGOs, and NGOs <i>vis-à-vis</i> funders
Self-regulation (process)	<ul style="list-style-type: none"> —To NGOs themselves, as a sector —Potentially to clients and donors 	<ul style="list-style-type: none"> —Erosion of public confidence due to scandals and exaggeration of accomplishments (external loss of funds; internal loss of reputation) 	—Strategic in that it concerns long-term change involving codes of conduct
Social auditing (tool and process)	<ul style="list-style-type: none"> —To NGOs themselves (by linking values to strategy and performance) —Downward and upward to stakeholders 	<ul style="list-style-type: none"> —Erosion of public confidence (external) —Valuation of social, environmental, and ethical performance on par with economic performance (internal) 	<ul style="list-style-type: none"> —Functional to the extent it affects the behavior of a single organization —Strategic to the extent it affects NGO-stakeholder interaction, promotes longer-term planning, and becomes adopted sector-wide

Source: Ebrahim (2003)

2.3.2 Accountability in Islam and Waqf Organisations

The idea of conventional accountability described in the previous section is not contradictory with Islam. What accountability in Islam does is it continues to enhance what has already been promoted by conventional accountability. In addition to the worldly and material status often focused on by the West, Islamic accountability comes with a realisation that everyone will be answerable to Allah in the Hereafter (Masruki & Shafrii, 2013). Islam believes that accountability stems from the concept of trust (*amānah*) and vicegerent (*khalīfah*). A man's primary accountability should be to answer to Allah as narrated in the second chapter of the Quran, verse 284 which

means: *“To Allah belongs all that is in the heavens and on earth, whether you show what is in your minds or conceal it, Allah will call you to account for it”*, while a man’s secondary accountability is towards other human beings based on the contract established between them (Sulaiman et al., 2009). On top of that, the word *“hisab”* or account is also found to be interrelated with one’s obligation to “account” to God on all matters. This word is repeated more than eight times in different verses in the Qur’an.

For waqf organisations specifically, the theory of accountability can be explored from the perspective of accountability in the public, religious body, NPOs and charity (Ihsan, 2014; Osman, 2012). The literatures in these areas could be overlapping as these organisations share a common aim, that is the provision of public goods and services. As discussed in Section 2.2.2 earlier, waqf shares numerous characteristics with the third sector organisations which also include the likes of NPOs and NGOs.

Osman (2012) in his thesis on accountability in managing waqf properties, found that Islamic values, such as belief in the Day of Judgement, encourage the officers to undertake their responsibility and duty of accountability in a proactive and creative way. This is explained in the thesis as “felt accountability”, an individualised perception of accountability that provides a powerful motivation for waqf officers to discharge their accountability. However, the impact of this “felt accountability” on holistic accountability is also influenced by the organisational structure of the waqf organisation. Hierarchical structures may constrain officers’ accountability whilst decentralised structures may offer too much flexibility to waqf officers.

While the study by Osman (2012) emphasises on personal accountability of individual waqf officers rather than the waqf institution as a whole, Ihsan (2014) reviews accountability in waqf found the following themes emerged with regards to accounting practices for waqf organisations. Firstly, previous studies have found the need to have accounting and auditing standards for waqf. The absence of standard accounting practices often leads to differences in methods of accounting for waqf. Some researchers in the past have emphasised the need to learn existing similar

standards for charity such as Statement of Recommended Practices (SORP 2005) and/or AAOIFI's Statements of Financial Accounting (Adnan et al., 2007).

Meanwhile, another aspect of accountability is with regards to disclosure. Sulaiman et al. (2009) in her examination of the accounts of International Islamic University Waqf Fund (IIUMWF) found that the accounts are not made public but prepared only for internal purposes. To improve accountability, the authors suggested to improve disclosure level to include external parties especially when IIUMWF deals with public funds.

Another study by Ayedh et al. (2019) included a critical analysis of mechanisms taken by SIRC's in Malaysia in discharging waqf accountability as shown in Table 2.2. The study found that most SIRC's discharge their accountability through qualitative information rather than quantitative. Overall, the study concluded that waqf practices in Selangor is one of the best ones due to their outstanding performance and flexibility, great transparency, quality services, high level of public confidence and ability to generate income rather than simply receive donations. Meanwhile, Johor, Perak and Federal Territory exhibit excellent performance as a result of less interference by the state government, sound governance, internal control and accountability (Ayedh et al., 2019). The less of interference possibly gives the freedom for the organisation to make decisions that are not restricted by the political influences and preferences.

Since charities rely on donors for their financial sustainability and expansion, any shortcomings in being accountable to donors can erode trust in them. This, in turn, could have adverse effects on both the level of donations received and the overall charitable work being carried out (Connolly & Hyndman, 2013). Good governance practices, including accountability to stakeholders, are critical for revitalising waqf institutions (Ihsan & Ayedh, 2015).

Table 2.2 Mechanisms of Discharging Waqf Accountability

Mechanisms of discharging the accountability	State													
	Selangor	Federal Territory	Negeri Sembilan	Johor	Perak	Pahang	Kelantan	Terengganu	Malacca	Sabah	Sarawak	Kedah	Perlis	Penang
Website														
Existing	√	√	√	√	√	√	√	√	√		√	√	√	√
Static/dynamic website	√	√	√	√	√	√	√	√	√		√	√	√	√
Qualitative Info														
Governance	√	√	√	√	√	√	√	√	√		√	√	√	√
Organizational info	√	√	√	√	√	√	√	√	√		√	√	√	√
Project info	√		√	√	√	√	√	√			√	√	√	√
Beneficiaries info	√		√		√		√	√			√	√	√	√
Events for Donors/Beneficiaries	√		√		√		√	√			√	√	√	√
Quantitative/Financial info														
Financial Statements														
Audited Financial Statements														
Expenses						√								
Donations/Fund						√	√		√		√			
Project					√	√	√	√	√		√		√	√
Feedback Communication														
Social Media	√	√	√	√	√		√	√	√		√	√	√	√
Website Question & Answer/Contact us	√	√	√	√	√	√	√	√	√		√	√	√	√
Others											√			

Source: Ayedh et al. (2019)

Yunanda et al. (2016) examine the accountability of waqf organisations for two years (2013-2014) of five different waqf organisations from Malaysia, Indonesia and Singapore using the accountability framework by Obaidullah (2014) which consists of governance, effectiveness, finance, and fundraising. The results show that there are still rooms for improvements in term of accountability and reporting, especially with the information reported being limited and not detailed.

The literature review above presents the pressing need for greater accountability to ensure the waqf achieves its potentials. While the accountability has been explored from mostly the perspectives of disclosures, accounting practices and standards, with many of those in Malaysia and Indonesia, this research is interested to fill the gap by linking SIM as another tool to discharge accountability, not only to

donors, management and internally, but also to Allah. Waqf administrators have a duty to ensure that the waqf projects are means to fulfil the higher objectives of waqf.

2.4 SOCIAL IMPACT

Oxford has defined “impact” as a significant influence of something on anything. According to Azman and Ali (2019), the term “impact” is often interchangeably used with the terms “returns”, “benefit” and “value” to describe the phenomenon of accounting for social, economic, and environmental value and they cover issues such as healthcare, nutrition, poverty, security, livelihoods, justice etc. According to Crutchfield and Grant (1996) in Ebrahim and Rangan (2014), the term “impact” has been increasingly linked with results that aim at the “root causes” of a social phenomenon. It can be further defined as a logic chain of results in which the inputs and activities of an organisation lead to a series of outputs, outcomes and societal impacts (Ebrahim & Rangan, 2010).

Furthermore, social impact has been defined and discussed across multiple disciplines and sectors. According to Helmig et al. (2014), social impact has been conceptualised in the literature using the following keywords: social value (Moss et al., 2011; Santos, 2012), social performance (Husted & Salazar, 2006; Mair & Marti, 2006; Nicholls, 2008), social returns (Emerson, 2003), social return on investment (Hall et al., 2015; Nicholls et al., 2009), and social accounting (Nicholls, 2009), which, although similar, could represent distinct constructs. Table 2.3 below summarises the various definitions of social impact:

Table 2.3 Definitions of Social Impact and Related Terms

Term	Definition
Social impact (Burdge and Vanclay 1996)	The consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organise to meet their needs and generally act as a member of society.
Social impact (Latané 1981)	Any of the great variety of changes in physiological states and subjective feelings, motives and emotions, cognitions and beliefs, values and behaviour, that occur in an individual, human or animal, as a result of the real, implied, or imagined presence or actions of other individuals.
Impact (Clark et al., 2004)	The total outcome that happened as a result of the activity of the venture, above and beyond what would have happened anyway.
Social Value (Emerson et al. 2000)	Creation of social value happens when resources, inputs, processes or policies are combined to generate improvements in the lives of individuals or society as a whole.
Social Impact (Freudenburg 1986)	Social impact is the impacts (or effects, or consequences) that are likely to be experienced by an equally broad range of social groups as a consequence of some course of action.
Social Impact (Gentile 2000)	The wider societal concerns that reflects and respects the complex interdependency between business practice and society.
Social Impact (International Association for Impact Assessment, 2009)	Social impacts are intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions.

Source: Maas and Liket (2011)

Additionally, Centre for Social Impact defines social impact as the net effect of an activity on a community and the well-being of individuals and families. The definition is further expanded by a leading technology-based social enterprise on impact measurement and management, Sopact to anything that demonstrates positive or negative outcomes to people or the planet. This is linked to the concept of sustainability, which brings about the notion of meeting the present needs without compromising the future generations' ability to meet their needs. The concept of

sustainability is also frequently used by banks in Europe and the United States in describing their social impact (Weber & Remer, 2011).

A report by OECD (2015) cited the definition of social impact to be usually founded by four key elements from Clifford (2014):

- i. The value created as a consequence of someone's activity (Emerson et al., 2000);
- ii. The value experienced by beneficiaries and all others affected (Kolodinsky et al., 2006);
- iii. An impact that includes both positive and negative effects, anticipated or unanticipated, short-term or long-term (Pedrini et al., 2014);
- iv. An impact that is judged against a benchmark of what the situation would have been without the proposed activity.

2.4.1 Social Impact Measurement (SIM) – Framework and Tools

SIM, in general, is designed to identify changes in social impacts that result in the activities of the organisation or stakeholder (Epstein & Yuthas, 2014). It also validates an organisation's impact and helps document the "change" in a systematic way by linking the outcome to the intended change, ie. to the objectives of the social programmes or the vision of the organisation. Measuring social impact helps to clarify an organisation's vision and mission, identify the intended beneficiaries and address their needs, develop evidence-based products or services, monitor and assess progress and outcomes, communicate value and impact to stakeholders, draw lessons from successes and failures, and continuously enhance performance and impact over time.

There are currently numerous SIM frameworks adopted in the practice of TSOs and for-profit organisations. However, there are two prominent frameworks used that will be discussed in this section.

2.4.1.1 Theory of Change and Logic Model

As described in the earlier section, most definitions of social impact centre around the notion of change due to it being founded by the Theory of Change (ToC) framework, developed by Carol Weiss in 1972 (Clark et al., 2004; Ebrahim & Rangan, 2014; Pedrini et al., 2014). The ToC narrates the links between the activities executed by an organisation with its intended outcomes, and how and why the desired change is formed (Pedrini et al., 2014; W.K. Kellogg Foundation, 2017). It is a methodology that organisations, philanthropies, not-for-profit and government sectors use for planning, participation, and evaluation to promote social change (Brest, 2010). Besides helping organisations track outcomes and sharpen planning and implementation of a programme or initiative, the ToC also clarifies the path to achieving the desired change, which enables key players to articulate the interrelatedness between different stages in the process and describe how activities that have taken place by organisations contribute to the intended impact (Dhillon & Vaca, 2018).

In many cases, ToC is sometimes used interchangeably with the “Logic Model”. According to W.K. Kellogg Foundation (2017), a logic model is a systematic and graphic interpretation of the theory of change that explains the relationships between your resources, the activities planned, and the intended results.

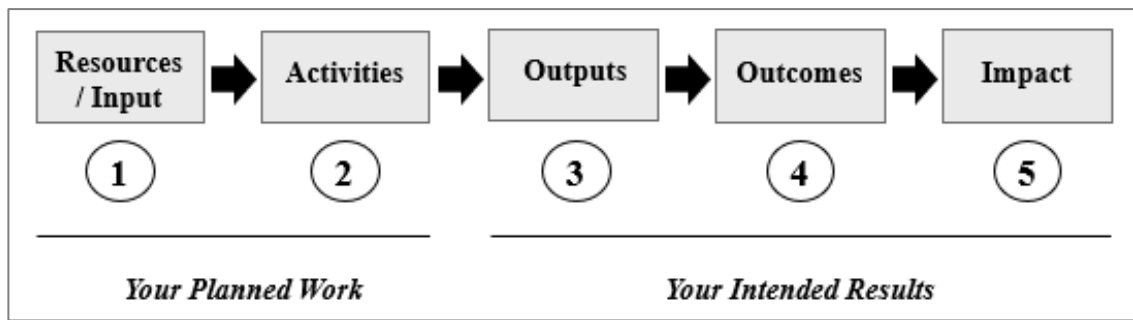


Figure 2.5 The Basic Logic Model
Source: W.K. Kellogg Foundation (2004)

- i. **Resources/Inputs:** The resources needed by the organisation in order to run the organisation and generate impact (Clark et al., 2004; Nicholls et al., 2009; Pedrini et al., 2014). They include the human, monetary, organisational, community resources W.K. Kellogg Foundation (2004) as well as the constraints which an organisation works within Epstein and Yuthas (2014). This is where the impact project's activity begins (Bosheim, 2012).
- ii. **Activities:** The process of which inputs are being utilised in specific tasks that lead to the outputs and meet the organisation's objectives (Clark et al., 2004; Nicholls et al., 2009; Pedrini et al., 2014). They include the processes, tools, events, technology and actions intentionally put in place as interventions to meet intended goals (W.K. Kellogg Foundation, 2004).
- iii. **Outputs:** The "quantitative summary of an activity" (Nicholls et al., 2009). It is a direct, measurable and immediate consequence of the activities performed to generate impact (Clark et al., 2004; Nicholls et al., 2009; Pedrini et al., 2014). Output is also a way of describing the activities under study and often in quantitative terms. It is relatively simple to gather data on outputs. Measuring outputs is necessary to measure the outcomes and impact (Bosheim, 2012). Furthermore, the outputs usually relate to short-term goals (Mitchell, 2012).

- iv. **Outcomes:** The short-, mid- and long-term benefits, learning, changes, or other influences changes, benefits, learnings, or other effects that result from the organisation's activities (Clark et al., 2004; Nicholls et al., 2009; Pedrini et al., 2014). Outcomes verify the organisation's mission achievement (Bosheim, 2012). They also reflect specific changes in the behaviour, knowledge, skills, status and level of functioning of the program participants (W.K. Kellogg Foundation, 2004). The difference between output and outcome can be understood by the following example given by Azman and Ali (2019): In a food distribution program, the output is the number of meals served while the outcome may be the results of quality of meal to the recipients' health within a specified period. According to the Impact Measurement Toolkit by Smith (2020), outcome is the change, positive or negative, that an individual experiences as a result of an activity. Outcomes usually fall into one of five categories: a change in circumstance, behaviour, capacity, awareness or attitude.
- v. **Impacts** are the results of removing the influences from the outcomes defined above (Pedrini et al., 2014). They are only the fraction of outcomes resulting from the organisation's activities, above and beyond which might have occurred anyway (Clark et al., 2004). The impact could be intended or unintended change that happen in organisations, communities or systems due to program activities (W.K. Kellogg Foundation, 2004).

In measuring impacts, organisations need to be careful about not overclaiming their impact. It is very unlikely that a single organisation is responsible for all the change experienced by stakeholders or targeted beneficiaries. Therefore, according to the Social Value International in one of its supplementary guidelines on SROI, the following influences need to be taken into consideration to counter the risk of overestimating impact. For ease of understanding, an example will be provided based on an organisation's effort in running a crime reduction programme in neighbourhood X which results in a decrease in crime.

- a. **Deadweight:** outcomes that would have occurred anyway even if the organisation had not undertaken the activity. For example, the reduction in crime rates in the neighbourhood would have happened anyway due to the reduction in unemployment rates in the community.
- b. **Displacement:** Social costs of outcomes, that is, how the outcomes are displacing other potential outcomes (Bosheim, 2012). For example, by reducing crime rates in neighbourhood X, crime rates may increase in neighbourhood Y, suggesting that crimes move somewhere else.
- c. **Attribution:** the number of outcomes resulted from the contribution of other organisation's activity (Bosheim, 2012; Nicholls et al., 2009). For example, the reduction in crime rates in neighbourhood X is due to a certain activity not available in neighbourhood Y.

Logic model is also sometimes used interchangeably with the term “program theory” because they describe how a program works and to what end. Some literatures go by the terms “impact value chain” and “results chain” which are slightly different but similar in terms of providing organisations with a starting point to measure their social impact and gives them a clear framework to collect information and set out the differences between inputs, outputs, outcomes, and social impacts. Figure 2.6 presents the processes of Impact Value Chain.

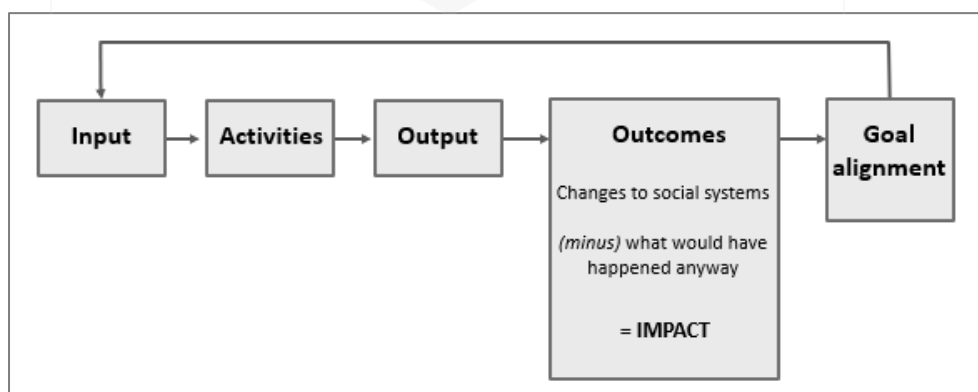


Figure 2.6 Impact Value Chain
Source: Catherine Clark et al. (2004)

Sheth (2023) opines that both the ToC and logic model are tools that share some similarities and differences that complement each other. Dhillon & Vaca (2018) explains that the ToC extends the logic model by providing the causal links and defines the assumptions and preconditions for the sequence of interim outcomes needed to reach the long-term goal.

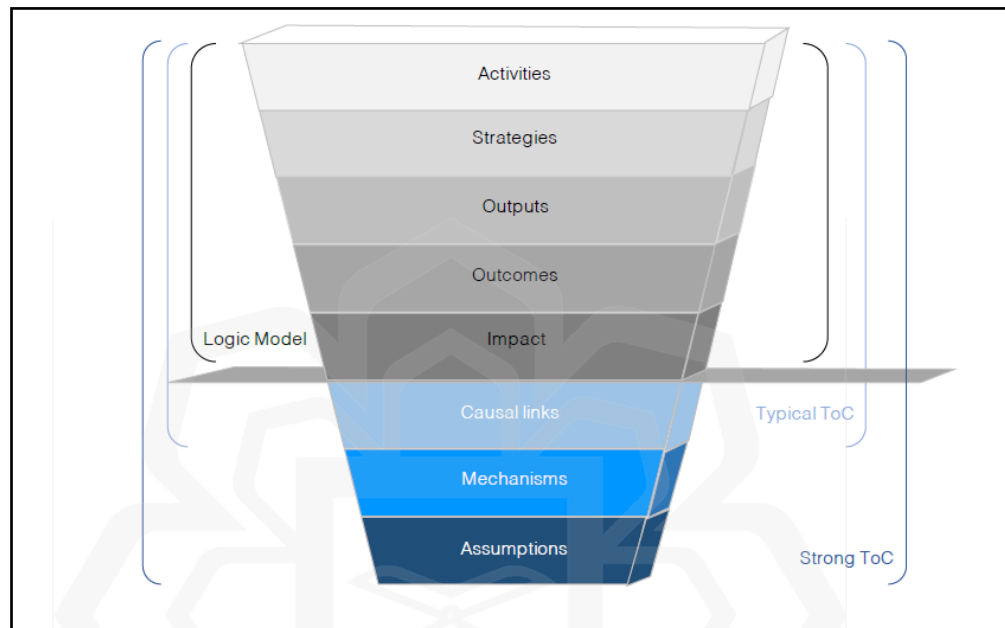


Figure 2.7 Layers of a Theory of Change
Source: Dhillon and Vaca (2018)

In summary, a logic model describes a logical sequence showing what the intervention's intended outcomes are. For example, if you do X, the result will be Y. Meanwhile, a TOC describes the causal mechanisms to show why each intervention component is expected to result in the intended outcomes. It maps backward from the end result in mind to identify the most appropriate intervention. For example, if you want to achieve Y, you must provide X, while acknowledging that A will support (or hinder) the result of Y. Wherever appropriate, a ToC includes the contextual factors and assumptions throughout the model. As such, a logic model is descriptive while a theory of change is explanatory. The examples of a ToC and logic model are shown in Figure 2.8 and 2.9, respectively.

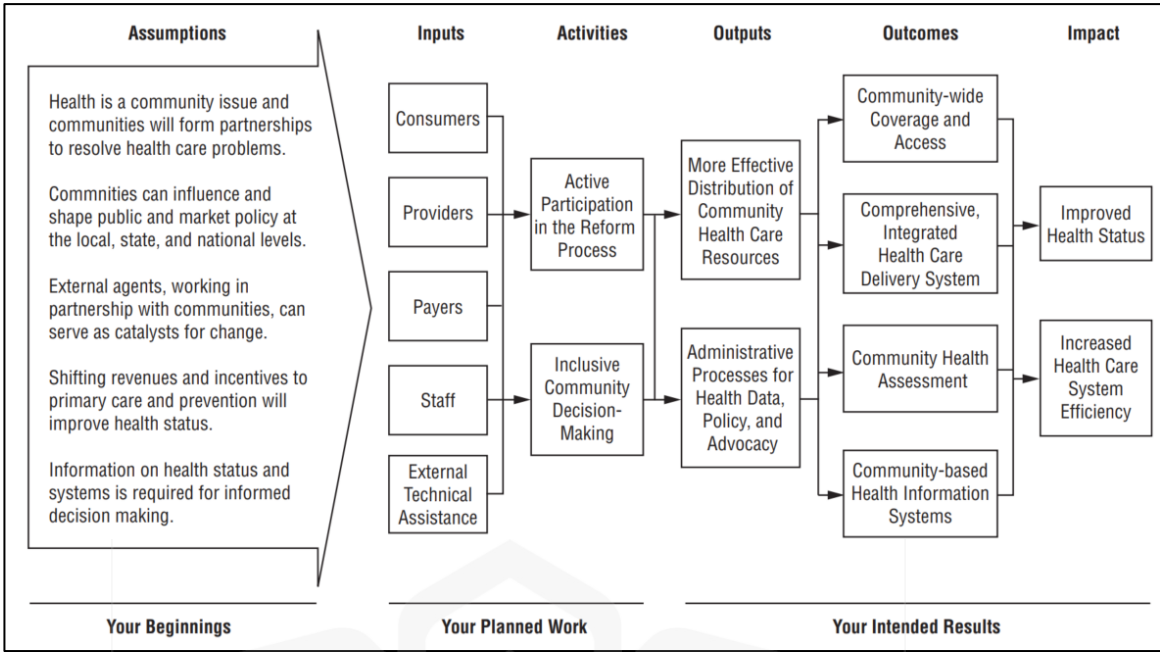


Figure 2.8 Example of a Theory Logic Model
 Source: W.K. Kellogg Foundation (2004)

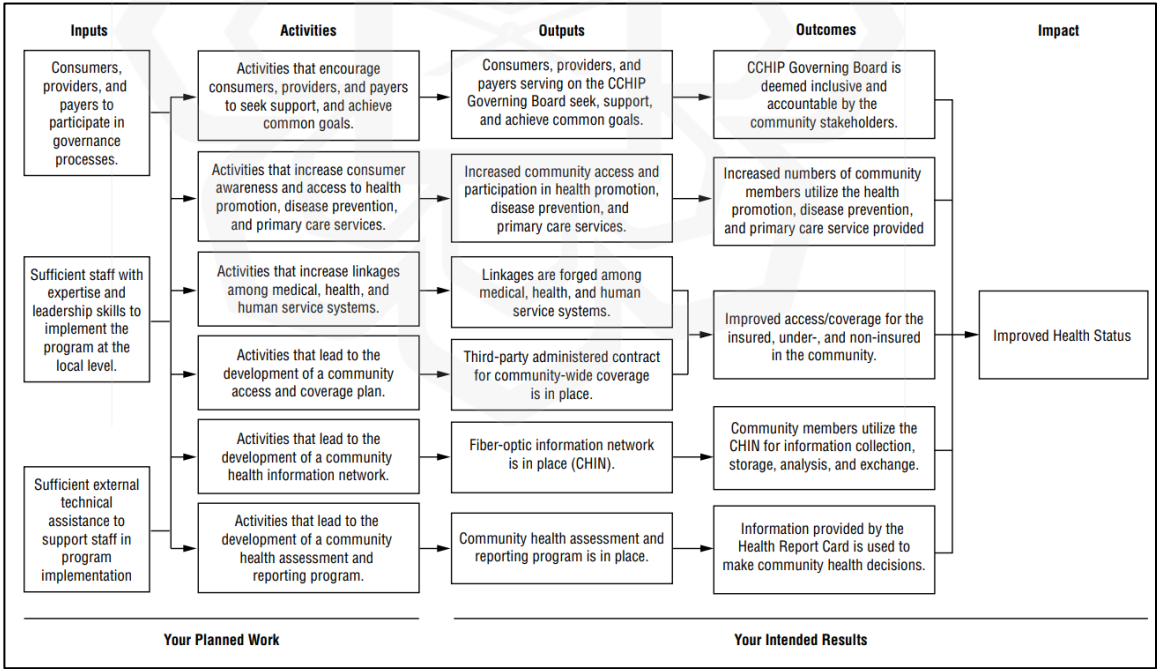


Figure 2.9 Example of an Outcome Approach Logic Model
 Source: W.K. Kellogg Foundation (2004)

2.4.1.2 The Five Dimensions of Impact

Another established SIM framework is the Five Dimensions of Impact Framework has emerged as a valuable tool for assessing, managing, and communicating social impact. This framework is introduced by the Impact Management Project (IMP), a forum formed in 2016 for a wide variety of fields seeking to establish an understanding of how to interpret and effectively oversee performance related to social and environmental concerns. The framework includes the following dimensions:

- i. **“What”** focuses on defining the specific social or environmental issue an organisation aims to address. It entails clarifying the problem statement and articulating the desired outcomes or changes.
- ii. **“Who”** identifies the target beneficiaries and stakeholders who are directly or indirectly affected by the organisation's activities.
- iii. **“How Much”** quantifies the extent and magnitude of the social or environmental change achieved by the organisation. It focuses on measuring the scale and depth of impact.
- iv. **“Contribution”** assesses the organisation's role in bringing about the observed changes. It helps distinguish between outcomes directly attributable to the organization and those influenced by external factors.
- v. **“Risk”** evaluates potential risks and unexpected consequences associated with an organization's actions.

2.4.1.3 Existing Frameworks that can be Embedded into the SIM Framework

There are currently numerous frameworks that TSOs and for-profit organisations embed into their SIM framework. Some of them include B Impact Assessment (developed by B Lab, an NGO dedicated to using the power of business as a force for

good), Sustainable Development Goals (SDG), Principles for Responsible Investing (which incorporates Environmental, Social and Governance (ESG) factors into investment decisions), and Social Return on Investment (SROI). The SROI is sometimes considered as one of the SIM methods (Maas & Liket, 2011; Watson & Whitley, 2016) while others consider it as a framework on its own (Nicholls et al., 2009; Pathak & Dattani, 2014).

The SDG framework is from the 2030 agenda for sustainable development, an action plan set by United Nations (2015) which provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. Central to this are the 17 goals adopted by world leaders in September 2015 at an historic UN Summit. With the SDG in mind, countries are expected to mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind. In measuring the impact of organisations, some choose to measure their impact performance based on their ability to meet the SDGs. The 17 goals are as follows:

Table 2.4 Sustainable Development Goals (SDGs)

Goal 1: No poverty	Goal 7: Affordable and clean energy	Goal 13: Climate action
Goal 2: Zero hunger	Goal 8: Decent work and economic growth	Goal 14: Life below water
Goal 3: Good health and well-being for people	Goal 9: Industry, Innovation, and Infrastructure	Goal 15: Life on land
Goal 4: Quality education	Goal 10: Reducing inequalities	Goal 16: Peace, justice and strong institutions
Goal 5: Gender equality	Goal 11: Sustainable cities and communities	Goal 17: Partnerships for the goals
Goal 6: Clean water and sanitation	Goal 12: Responsible consumption and production	

Taking into considerations the different goals and natures of organisations, an organisation may opt to personalise its own SIM framework based on the established evaluation model discussed in section 2.4.1 and section 2.4.2. With the definitions of

social impact centre around the notion of change, most SIM have the elements of ToC or Logic Model, but they may include frameworks like SDG as parts of their indicators or metrics.

Considering this research is designed for waqf organisations, another element that can be embedded in the SIM framework is the *Maqāṣid al-Sharī'ah* (explained in Section 2.2.1). It is an important foundation to be incorporated in the framework, normally when developing the indicators for measurement, to ensure the ultimate goals of Shariah are achieved through waqf.

2.4.2 Social Impact Measurement Methods and Approaches

According to Epstein and Yuthas (2014), measurement approaches can be categorised into four primary groups:

- i. **Trained judgment:** This involves discussions and observations of programs by professionals. They play a crucial role in validating their assessments by actively engaging in on-site interactions with program participants or directly observing the programs in operation. This verification fieldwork not only instils a higher degree of confidence but also ensures that resources are utilised in the most efficient and effective manner. In situations where assessing social impacts are not feasibly measured, such as those programmes intended to promote peace, this approach is suitable. These experts are instrumental in evaluating the logical connections between an organisation's activities and the desired outcomes.
- ii. **Qualitative research:** It entails comprehensive and systematic research into social impacts, which may include on-site visits, structured interviews, and focus group studies. More discussion is on this in the next section.

- iii. **Quantification:** This encompasses data and reports presented in numerical formats, which can comprise direct measurements and survey responses. Quantitative approach usually takes the form of measurement and reporting of outputs rather than actual measurements of impact.
- iv. **Monetisation:** This refers to a quantitative assessment that transforms a portion or all of the measured impact into monetary values. Even when impact measurements are challenging, they remain pertinent to the assessment of social programs and to the enhancement of decision-making processes geared toward achieving positive social impact.

Table 2.5 provides a list of the approaches, alongside some typical techniques for each category.

Table 2.5 Approaches to Social Impact Measurement

Approach	Techniques
Trained Judgement	Discussions
	Observations
	Expert Analysis
Qualitative research	Structured interviews
	Field visits
Quantification	Surveys
	Direct Measurements
	Cost Analysis
Monetisation	Benefit-cost analysis
	Social Return on Investment (SROI)

Source: Epstein and Yuthas (2014)

2.4.2.1 Qualitative Methods

Marta (2008) in Noordin et al. (2017) and Epstein and Yuthas (2014) contend that the alignment of social projects with the organisational objectives may be assessed using

qualitative research methods. The methods may encompass focus groups, field trips, interviews, in-depth case studies, or other techniques, all characterised by their reliance on objective validation and systematic documentation and analysis, distinguishing them from the subjective nature of trained judgment.

The “narrative approach” and the “story approach” that are normally used in TSOs, allow for beneficiaries to describe the significant social impacts to their lives as a result of activities and/or services provided by the organisations. Storytelling is a basic story communication approach used mostly by smaller banks (Bosheim, 2012) and NPOs to recruit funders (Merchant et al., 2010) and as a powerful tool of marketing consumer products (Woodside et al., 2008). It is sharing of ideas and experiences through expressions of words and actions in order to communicate and make sense about people’s lives (Behmer et al., 2006). The format of the story may vary, but the goal is to convey the organisation’s goals, ideas and value while appealing to the emotions of the audience (Bosheim, 2012; Pedrini et al., 2014).

While this method is effective in transferring meaning to the audience and it provides rich and explanatory information, this method is tedious as collecting stories from multiple beneficiaries across all projects and initiatives via an interview process could take a long time, and to an extent, impossible (Pedrini et al., 2014). Besides that, stories alone do not verify and measure the initiatives' intended impacts as they are prone to bias as organisations could focus more on the positive than the negative stories (Noordin et al., 2017).

2.4.2.2 Quantitative Methods

In terms of quantitative methods, Maas and Liket (2011) had categorised quantitative SIM methods adopted by various third sector organisations, social enterprises, and for-profit organisations into the following:

Table 2.6 Overview of SIM Methods

(Social) Impact measurement methods	
1. Acumen Scorecard	16. Poverty Social Impact Assessment (PSIA)
2. Atkinsson Compass Assessment for Investors (ACAFI)	17. Public Value Scorecard (PVSc)
3. Balanced Scorecard (BSc)	18. Robin Hood Foundation Benefit-Cost Ratio
4. Best Available Charitable Option (BACO)	19. Social Compatibility Analysis (SCA)
5. BoP Impact Assessment Framework	20. Social Costs-Benefit Analysis (SCBA)
6. Center for High Impact Philanthropy Cost per Impact	21. Social Cost-Effectiveness Analysis (SCEA)
7. Charity Assessment Method of Performance (CHAMP)	22. Social e-valuator
8. Foundation Investment Bubble Chart	23. Social Footprint
9. Hewlett Foundation Expected Return	24. Social Impact Assessment (SIA)
10. Local Economic Multiplier (LEM)	25. Social return Assessment (SRA)
11. Measuring Impact Framework (MIF)	26. Social return on Investment (SROI)
12. Millennium Development Goal scan (MDG-scan)	27. Socio-Economic Assessment Toolbox (SEAT)
13. Measuring Impacts Toolkit	28. Stakeholder Value Added (SVA)
14. Ongoing Assessment of Social Impacts (OASIS)	29. Toolbox for Analysing Sustainable Ventures in Developing Countries
15. Participatory Impact Assessment	30. Wellventure Monitor
	31. IRIS+

Source: Adopted from Maas and Liket (2011)

Due to the nature of the subjectivity of SIM depending on the mission of each organisation, the methods can be used interchangeably. According to Maas and Liket (2011), several methods have been developed by, or for, non-profit or non-governmental corporations such as SROI, OASIS, SCBA and LEM. Other methods are mainly developed for, and used by, for-profit organisations. Examples are SRA, ACAFI, TBL, MIF, and BACO. Although a method might initially have been developed for a certain kind of organisation, the method could be used and adapted by other kinds of organisations. The use of SROI is a good example of this phenomenon, which was initially developed for non-profit organisation and is currently increasingly used by profit corporations. Meanwhile, according to Gonul and Senyuva (2020), some of the most used social impact measurement methods in social enterprises that are not in the table above are Cost-Benefit Analysis or lately called Social Cost

Benefit Analysis, Social Accounting and Basic Efficiency Resource (BER) Analysis. These methods are also sometimes fall under the Monetisation category discussed in Section 2.4.1 earlier.

2.4.3 Issues and Challenges Surrounding Social Impact Measurement

Today, an increasing number of social entrepreneurs, TSOs, not-for-profit organisations and for-profit organisations, especially those with private foundations, are seeking to analyse and document the social impact produced by their efforts (Clark et al., 2004; Ebrahim & Rangan, 2010, 2014; Epstein & Yuthas, 2014; Hailey & James, 2003). This section discusses some of the challenges discussed in the literature with regards to the challenges in SIM.

Firstly, the most common challenge of measuring impact discovered from literature is the lack of resources which includes experts, human resources, financial resources (Epstein & Yuthas, 2014) and time. Nicholls (2009) and Arena et al. (2015) found that limited human and financial resources as barriers to social impact assessment which results in poor social performance measurement. A report by Wilkes and Mullins (2012) found that the lack of analytical skills amongst staff in using impact measurement tool is an important issue. Meanwhile, Koroğlu and Yıldırım (2023) and Kah (2018) found in their empirical study that one of the barriers to social impact practice is the limited human resource to improve the process of capturing and analysing data. Implementing an impact measurement system and collecting data can be costly and time consuming, and this makes prioritising scarce resources a tremendous challenge for most social enterprises (Clark & Brennan, 2016). Similarly, due to lack of expertise, TSOs and waqf institutions too, find difficulties to assess their performance in a comprehensive manner, consisting of both economic indicators and qualitative methods covering larger aspects of waqf services such as growth, effectiveness, transparency and sustainability (Noordin et al., 2017). Pathak and Dattani (2014) highlighted that the lack of in-house expertise in NPO and small-to-medium-sized social enterprises is indeed a significant challenge.

Secondly, for small to medium-sized social entrepreneurs, as well as those operating under a for-profit model like banks, the challenge in implementing SIM lies in having to balance their efforts of producing positive social impact and being financially sustainable at the same time (Kämpfer, 2017). This is challenging especially when for-profit organisations have stakeholders and shareholders to answer to, who mostly put high emphasis on ensuring a strong bottom line. Measuring impact using SROI and other SIM methods that helps with internal evaluation can be costly (Pathak & Dattani, 2014). Therefore, spending resources (time and money) in measuring impact must be balanced with managing the cost to ensure maximum returns financially.

Thirdly, despite the growing amount of research on the topic, there seems to be an agreement that there is no one way to measure impact (Polonsky & Grau, 2010) as different ways meet reporting needs for different groups of stakeholders (Lyon & Arvidson, 2011). Section 2.4.1 and 2.4.2 earlier explained some of the suggestions on SIM frameworks and methods – however, no concrete conclusion is offered other than the common agreement that measuring social impact is beneficial but challenging. Staff need to manage multiple methodological challenges such as identifying impact assessment process, selecting appropriate impact measurement tools, analysing and interpreting data and dealing with the limitations relating to impact data and what it can capture (Arvidson, 2009). According to Short et al. (2009) and Hall (2014) in Kah (2018), social enterprises, face challenges in deciding what and how to assess impact. Koroğlu and Yıldırım (2023) considers the manipulatable nature of SIM due to the variation in metrics and methods used for measuring impact a significant challenge. Finally, Epstein and Yuthas (2014) views that many organisations do not even measure impact simply because they do not know how to measure and what to measure.

Another challenge worth mentioning is to demonstrate results as far down the logic chain as possible to outcomes and impacts by social sector organisations. However, Ebrahim and Rangan (2014) and Ebrahim (2019) argue that not all organisations can measure their long-term impact, but rather some may be better suited to measuring shorter-term outputs or individual outcomes. For example,

emergency relief response operates on a linear, or focused, theory of change. The goal of an organisation providing ambulance services is simply to shorten the response time from the moment the emergency phone call is received till the arrival in the hospital. Anything beyond that is already out of their control, therefore their performance can only be captured at output level. On the flip side, certain advocacies and policy works may require a long time to see the impact, and the control over the influence the works have on the end results might also be limited. All of these affect the impact measurement process and therefore should be considered.

The challenges mentioned in this section may be relatable and shared by faith based TSOs such as waqf organisations. However, since there is a gap in literature on the challenges faced by waqf organisations in Malaysia, especially when SIM is not yet a fully established practice in Malaysia, the research question three (RQ3) of this study will address this gap.

2.4.4 Measuring Impact: Lessons from Relevant Literature on Performance Measurement System

There are many lessons that can be drawn from the performance measurement system (PMS) literature that are relatable to SIM. They offered valuable insights that helped to inform the analysis of this study. The performance measurement system in the TSOs is a topic of interest for scholars and practitioners. Recent debates on the development of TSOs have circled around capturing and measuring their social impacts and values to the public (Arvidson & Lyon, 2014; Polonsky & Grau, 2010; Teasdale et al., 2012; Westall, 2009).

According to Noordin et al. (2017), performance measurements in TSOs has always been intended to show their ability in managing charitable funds well, prove their accountability, and secure ongoing funding to ensure their sustainability. Performance measurement in TSOs has initially been dominated by quantitative methods, mainly concerning the practice of financial reporting. However, this has

evolved over the years to include qualitative methods as well in order to have a great balance between the two measures.

Ebrahim and Rangan (2014) discusses the measurement of social performance in the third sector. They propose a framework for measuring the scale and scope of social performance, highlighting the importance of impact measurement in performance management for social sector organisations.

Meanwhile, Ebrahim and Rangan (2010) develop a contingency framework for measuring results, suggesting that some organisations should measure long-term impacts, while others should focus on shorter-term outputs and outcomes. This is due to the need to meet the specific needs of the organisations in order to strategise for a certain way of measuring performance (Ebrahim, 2019; Ebrahim & Rangan, 2014). When developing their performance systems, managers must consider two critical aspects:

- i. The level of uncertainty regarding cause and effect: high uncertainty in cause-effect relationships makes it challenging to specify which behaviours are necessary for achieving desired outcomes before task completion and even to assess the appropriateness of behaviours after task completion.
- ii. The level of control over outcomes: It revolves around the degree to which an organisation can control all the activities and conditions required for delivering long-term outcomes.

The book addresses three core challenges of performance faced by social enterprises and nonprofit organisations alike: what to measure, what kinds of performance systems to build, and how to align multiple demands for accountability.

This means not all organisations can measure their long-term impact, but rather some may be better suited to measuring shorter-term outputs or individual outcomes. For example, emergency relief response operates on a linear, or focused,

theory of change. The goal of an organisation providing ambulance services is simply to shorten the response time from the moment the emergency phone call is received till the arrival in the hospital. Anything beyond that is already out of their control, therefore their performance can only be captured at output level. On the flip side, certain advocacies and policy works may require a long time to see the impact, and the control over the influence the works have on the end results might also be limited. All of these affect the impact measurement process and therefore should be considered.

2.4.4.1 Performance Measurement System in Islamic Financial Institutions

While the literature on SIM for waqf organisations are severely lacking, there were some efforts made to introduce performance measurement systems (PMS) for IFIs, which are slightly different than SIM but can be referred to as a basis of framework formulation. Performance measurement is generally known as the process of quantifying the efficiency and effectiveness of action, which often looks at financial position, employee productivity, internal processes, innovation ability and others in meeting the organisation's goals.

Mohammed et al. (2015) developed a *Maqāṣid* Based Performance Evaluation Model (MPEM) for Islamic Banks, basing their proposed model on Al-Ghazali theory which covered the preservation of religion, life, intellect, progeny, and wealth; and related them to institutional elements by Ibn Ashur. These dimensions were chosen because they are well-established, and many scholars have made use of them extensively. In another study by Mohammed and Taib (2015) where they developed a Performance Measures Based on Maqasid al-Shariah or PMMS model, the study had adopted theory of al-Maqasid by Zahrah (1997) because it is broad and comprehensive, which covered educating the individuals, establishing justice and promotion of public interest.

On the other hand, Noordin et al. (2017) had proposed a contingency framework for measuring waqf performance by tailoring the results of Ebrahim and

Rangan (2010) on measuring social performance to the natures and operations of waqf institutions. The framework and explanations are described as below:

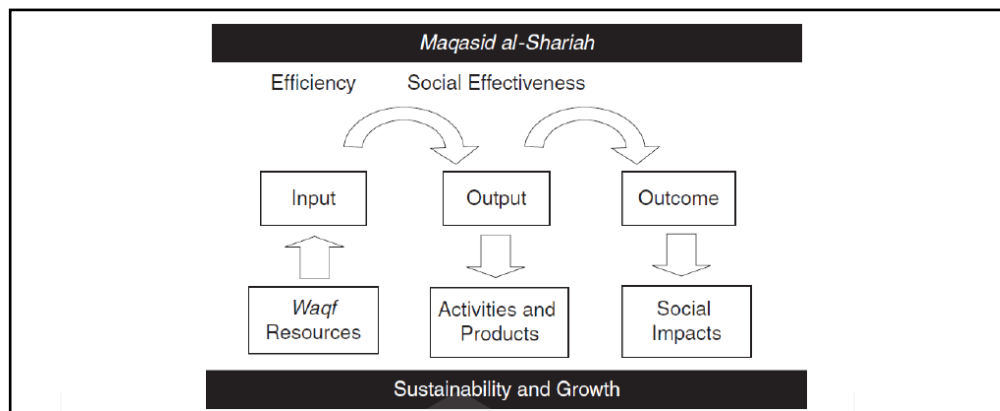


Figure 2.10 Contingency Framework for Measuring Waqf Performance
Source: Noordin et al. (2017)

Due to limited literature on performance measurement in waqf, Noordin et al. (2017) began by drawing similarities between the waqf and TSOs, specifically in terms of their fundamental vision, foundation principles, deliverables, end goals, growth as well as the development and challenges faced by both with regards to performance management system. The framework in Figure 2.10 is based on three central elements of TSO's performance measurement, which are input, output, and outcomes. This framework then integrated the elements with four more significant performance dimensions which are specifically relevant to waqf institutions as a religious body with over-arching role of achieving the objectives of shariah, namely efficiency, social effectiveness, *Maqāṣid al-Sharī'ah*, and sustainability and growth (Arena et al., 2015; Bagnoli & Megali, 2011; Laldin et al., 2012). The authors of the study also briefly mentioned social impact as an extension to the PMS introduced, which forms a very encouraging start to SIM study in Malaysia. The authors had also further developed the logic model by Ebrahim and Rangan (2010) to suit waqf organisations as illustrated below.

Table 2.7 Logic Model for Waqf

Input <i>What goes in</i>	Activities <i>What happens</i>	Outputs <i>What results – immediate</i>	Outcomes <i>What results – medium and long-term</i>	Impacts <i>What results – effects on root causes; sustained significant change</i>
Cash	Delivery of basic needs, e.g. foods, shelter and medical supplies	People fed, treated and sheltered	Improved living standard, health, etc.	Constant declines in poverty
Real Property	Construction of mosque, cemetery, road and hospital	Infrastructure and hospitality built	Increased income	Islam is widespread around the world
Equipment and supplies	Provision of microfinance	People trained and educated	Expansion of Muslim community	Strong Muslim brotherhood
Knowledge (modern and Islamic) technical expertise	Sponsoring disabled, orphans and refugees	Microenterprises formed	-	Fair income distribution (reduced gap between rich and poor)
	<ul style="list-style-type: none"> • Awarding scholarship and research • Disaster and accident relief • Conducting training and educational programs • Sponsoring religious activities, e.g. da'wah, Islamic forum, etc 	Religious activities held	-	<ul style="list-style-type: none"> • Significant changes in social norms and attributes (social justice, freedom, governance, transparency) • Achieving objectives of Islamic economic system

Source: Noordin et al. (2017)

Using by the same four performance dimensions proposed by Noordin et al. (2017), Sari et al. (2020) assessed the performance of a waqf institution in Indonesia in managing waqf. However, the researcher argues that the study is not comprehensive due to its inability to define the indicators for each of the dimensions, which is also an invitation for waqf organisations to have standardised indicators.

In another study, Ramli et al. (2018) put forth a Shariah-based waqf performance measurement model by integrating the Balance Scorecard (BSC) framework with the Shariah principle. In this regard, the presented PMS model considers the qualitative dimensions which have not been considered by waqf institutions when assessing their performances. Overall, the model comprises five perspectives: financial efficiency, internal business process, learning and growth, waqf stakeholders (replacing customer perspective) and Shariah as shown in Figure 2.11 below. The aspects of waqf practices are associated with its management, distribution, and output. Figure 2.11 below shows that all the five perspectives are connected and that the measurements developed for each perspective should be in line with the goals of waqf institution.

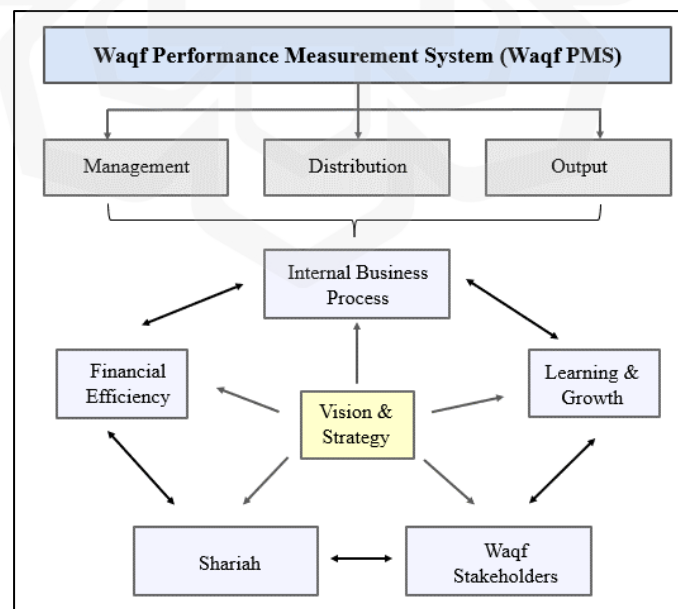


Figure 2.11 *Waqf* Performance Measurement System
Source: Ramli et al. (2018)

Hence, the waqf PMS model, if implemented, may contribute to addressing issues relating to the lack of a sound internal control mechanism (Johari et al., 2016) and inadequate and ineffective PMS (Noordin et al., 2017). Through the BSC concept, a more organised and systematic PMS that integrates both financial and non-financial performance measures into the system, and with the *Sharī'ah* principles also embedded into the system, waqf institutions would be able to identify, improve, and control their various functions and resulting outcomes, ensuring effective management of waqf assets as well as its good governance. On top of that, the BSC is actually one of the SIM methods mentioned in Table 2.6 earlier. It is not contradictory to what a SIM is, rather it is a part of SIM that should be appreciated.

2.5 WAQF, ACCOUNTABILITY AND SIM IN WAQF ORGANISATIONS

This section will bring together all the concepts from the earlier section on waqf, accountability and SIM. Other studies that have not been discussed in the earlier sections are addressed in this section.

2.5.1 The Need for SIM in Waqf Organisations

Islamic finance's underlying objectives are always anchored towards achieving the *Maqāsid al-Sharī'ah*, particularly protecting and preserving the life (*nafs*) of all mankind. This protection of life centres around economic sustainability for the vulnerable along with the preservation of social stability and wellness. However, despite the strong intention and importance placed on Shariah, Azman and Ali (2019) argues that Islamic Financial Institutions (IFIs) including those of social finance institutions in Malaysia have not established themselves as bodies that contribute to solutions to the economic problems of the society nor have they achieved their reason of existence.

As mentioned in Section 2.4.1, SIM helps to identify the social impacts as a consequence of the activities by the organisation (Epstein & Yuthas, 2014). Waqf

organisations have been known to measure the collections and spendings, i.e. input and output, but the actual impact remains unexplored and unmeasured. Based on the authors' critical analysis of the literature discussed earlier in this chapter, very limited studies on SIM in waqf organisations have been done so far and therefore it is imperative for it to be discussed now.

One way to present this importance of SIM in Islamic social finance in general, and waqf specifically, is to first understand why SIM is needed by organisations. According to Epstein and Yuthas (2014), measurement of impact allow for the following:

Table 2.8 Reasons for Impact Measurement

1. Measure for learning	To understand performance
	To test assumptions
2. Measure for action	To guide behaviour
	To communicate values
3. Measure for accountability	To report performance
	To build relationship

Source: Epstein & Yuthas (2014)

- 1. Measure for learning:** The measurement allows for organisations to understand their performance level and validate whether or not their assumptions of certain activities and strategies lead to the desired results. In other words, SIM validate the organisation's ToC, as discussed in Section 2.4 earlier. According to Azman and Ali (2019), the fundamental reason of existence and purpose of Islamic finance is to create sustainable social impact that provides betterment for the whole universe (*rahmatan lil'alāmīn*). The authors argue that the 'formalist conundrum' of Islamic finance has restricted the role of Islamic financial institution (IFI) practices to focus on Shariah-compliance, rather than its social value and purpose. For example, the focus of IFIs in recent years have been on the validity and compliancy of their products to the Shariah principles, ie. form over

substance. While that is permissible and important, efforts should also be made in measuring performance and testing the assumptions of whether their products and programs help to fulfilling their ultimate impacts in meeting Maqāsid al-Sharī'ah and making positive social change.

- 2. Measure for action:** Once the above is understood, organisations may guide their actions and decide on necessary changes or interventions to improve the impact. Waqf organisations will have to be clear in describing the constructs and what they represent, thus translating the underlying Maqāsid al-Sharī'ah into actionable and measurable results. This clarity will help them understand what is being measured and decide which metrics to use. Thereafter, organisations may report their impact internally, which helps them communicate what is valued within the organisation and align priorities of the organisation.
- 3. Measure for accountability:** Finally, SIM allows for an important measure of accountability. Stakeholders, either as a funders or beneficiaries, are interested in the impact made by the organisations. SIM verifies the impact achievement and provides stakeholders with an opportunity to assess their funding or investments based on their satisfaction. Reporting impact can also increase the trust of stakeholders in waqf organisations, leading to an enhanced relationship and collaboration between them in the future. The more values they could see from the impact reporting, the more motivated they will be to participate in the funding of the organisations. Arshad and Zain (2017) also agree that the impact measurement will assist waqf organisations to discharge their accountability to the relevant stakeholders.

This study argues that at the core of the first reason (measure for learning) and second reason (measure of action) are also accountability. Learning and taking actions are a form of accountability where organisations reflect and act on what SIM demonstrates - the success or failure of organisations in achieving their intended goals

(Helmig et al., 2014) and the effectiveness and efficiency of relevant administrators in utilising the appropriated resources (Arshad et al., 2018).

Accountability is a problem that persists in the Malaysian waqf organisations (Arshad & Zain, 2017; Yaacob, 2006). This includes the issues on the distribution process (Wahid et al., 2009), under-development of waqf land and properties (Auditor General, 2014), transparency and reporting of waqf (Hanefah et al., 2021; Kamaruddin et al., 2022) and the move from land to cash waqf and digital money (Kamarubahrin et al., 2019). Unfortunately, despite the importance and expectations given to waqf organisations, they have not yet achieved their fullest potential in exerting their accountability to stakeholders (Arshad & Zain, 2017; Yaacob, 2006). According to Azman and Ali (2019), the unrealised potentials and lack of trust towards Islamic social finance (ISF) institutions, including those of waqf organisations, are due to the limited disclosure on how Islamic finance institutions measure and report their social impact and values.

One of the crucial parts of SIM includes the reporting and communicating the impact, both within the organisation and to the public. Regrettably, Kamaruddin et al. (2020) contend that waqf institutions in Malaysia presently place disproportionate emphasis on financial disclosure while neglecting information related to waqf activities, programs, and projects. This skewed focus on financial disclosure has resulted in heightened demands from the public for comprehensive information about waqf-funded initiatives, particularly from the State Islamic Religious Councils (SIRCs), which have garnered significant public scrutiny in recent years (Masruki et al., 2018). Shafii et al. (2014) argues that using financial ratios alone to measure performance is inadequate and lacks robustness. Although ratios offer valuable insights for comparing similar situations, the interpretation of a single ratio can vary significantly based on the perspective employed. Recognising the limitations of financial ratios in determining the success of waqf organisations, Shafii et al. (2014) advocates for waqf organisations to develop or adopt performance measures that can better assess the efficiency and effectiveness of waqf programs.

Many studies have highlighted the inadequacies in reporting practices among waqf organizations, spanning financial and non-financial disclosure (Kamaruddin et al., 2018), performance and sustainability (Hanefah et al., 2020; Hashim, 2019; Sulaiman & Zakari, 2019), social impact (Kamaruddin et al., 2020; Masruki et al., 2019; Noordin et al., 2017), governance (Daud, 2019; Kamaruddin & Hanefah, 2021; Noor, 2022; Ramli & Muhamed, 2013), and the quality of reporting (Hanefah et al., 2021). Kamaruddin et al. (2022) have identified five reasons for weak reporting, with the primary one being the absence of standardised waqf reporting standards. Given the diverse disclosure needs of waqf stakeholders, comprehensive waqf reporting should encompass multiple critical aspects that are currently lacking, as mentioned above.

As the awareness of waqf management and efficiency continues to gain prominence in the public eye, waqf organisations face mounting pressure to demonstrate their accountability through transparent disclosure practices (Ihsan et al., 2016). One way to address this is for waqf organisations to exercise transparency to discharge accountability to the stakeholders through social impact measurement (SIM). Disclosing appropriate information on the impact of waqf can be used as a means to garner support and increase confidence from the public to continue to invest in waqf (Ramli et al., 2018). Failure to do so may result in a significant reduction in waqf assets with an unwanted impact on the socio-economic development of the Ummah (Arshad et al., 2018). According to Pathak and Dattani (2014), not only SIM helps to strengthen the mission of an organisation, it also strengthen the accountability towards stakeholders.

The relationship between the *waqīf* (donor) and the *mutawallī* (trustee) is ultimately built upon the concept of accountability in Islam, aimed at ensuring the intended impact of social services are responsibly and adequately made. The financial and non-financial resources given to the mutawalli to meet this goal is a form of trust that waqf management must uphold as a *khalīfah*, which will be accounted for in the Hereafter.

Waqīf have long been pressuring for a comprehensive performance measurement system for waqf from the *mutawallī*, or waqf managers and operators

(Noordin et al., 2017). This is to ensure that they properly discharge their responsibility and accountability in managing the waqf assets to benefit the intended beneficiaries. According to Arvidson and Lyon (2014), interestingly, the need for SIM arises not only as a tool of accountability to the donors or funders, but also emerges from the organisation's drive to self-evaluate their own effectiveness, which is a form of self-accountability.

Unfortunately, the lack of a systematic tool has contributed to the inability to measure social impact of waqf as well as the incapability to analyse areas that need improvement. This call of action is also consistent with the growing realisation that there is a demand for better ways to account for the social, economic and environmental value that results from financial activities (Nicholls et al., 2009) including one for waqf institutions (Noordin et al., 2017). A SIM framework may prevent the risk of diverting these instruments from their original purpose and may provide a comprehensive measurement of financial and non-financial indicators.

Today, there is an increasing realisation for waqf as a potential tool to contribute to a just society. According to Sadeq (2002), waqf has the potential to eradicate poverty by not only sustaining non-profit generating activities in social aspects such as health and education, but also increasing access to physical facilities, resources and employment. According to Ebrahim (2003), the notion of accountability is inseparably intertwined with the notion that accounting should supply a range of information to satisfy user needs. This information shall not be limited to only financial information, but also non-financial.

The literature review presented above underscores the imperative need for enhanced accountability to unlock the full potential of waqf. While the existing literature has predominantly explored accountability through the lenses of disclosure, accounting practices, and standards, this research seeks to address the gap by introducing SIM as an additional tool for fulfilling accountability.

2.6 PROCESS AND KEY CONSIDERATIONS

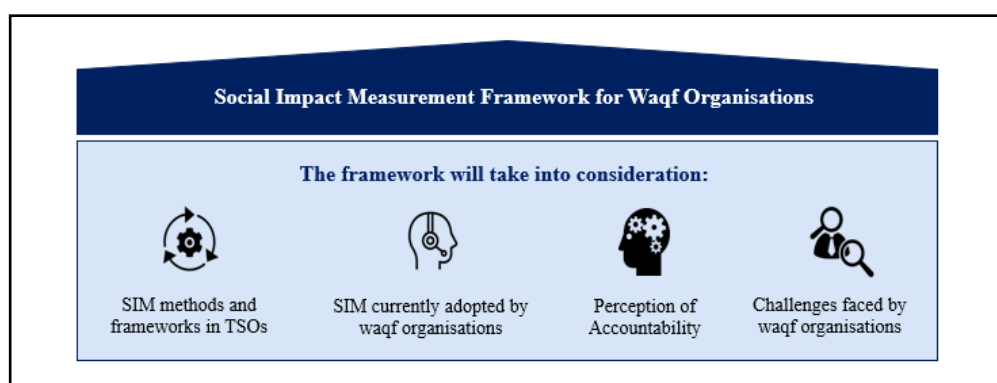


Figure 2.12 Process and Key Considerations
Source: Author's Compilation

In order to develop a feasible SIM framework for waqf organisations (RO4), this study takes into account the current SIM methods and frameworks undertaken by TSOs identified in this chapter, followed by the current methods used by waqf organisations in Malaysia to measure their impact (RO1) identified during the interview, the perception of accountability by waqf organisations in Malaysia (RO2), and the limitations faced by organisations in designing and implementing SIM (RQ3). All these will be achieved using the research methodologies described in the Chapter 3, tying all the research objectives together. The Figure 2.12 above displays the visual illustration of the process and key considerations of this research.

2.7 CHAPTER SUMMARY

In summary, this chapter explores the literature on waqf, accountability, and social impact measurement (SIM), unveiling the gaps and challenges within these topics. The chapter provides a conceptual framework aimed at constructing a pragmatic SIM framework tailored for waqf organisations. This framework draws inspiration from SIM the SIM methods currently adopted by TSOs identified in this chapter, followed by the findings that will be gathered during the case study, aligning with the research objectives and questions of this study.

The literature reviewed highlights that waqf, operating within the Islamic principles of charity and social justice, is guided by higher objectives based on *Maqāṣid al-Sharī'ah*, which encompass broader societal benefits beyond specific good deeds. Accountability emerges as an important aspect, essential for ensuring good governance within waqf organisations. In the Islamic context, accountability involves responsibilities towards both Allah and stakeholders. It can be demonstrated through diverse mechanisms such as reports, evaluations, self-regulation, participation, and social audit.

Additionally, the chapter explored various SIM methods and frameworks used by TSOs and IFIs. It is evident that no consensus exists on the ideal approach, as the choice of method is dependent on specific contexts, purposes, and stakeholder needs.

Nonetheless, the role of SIM is very much crucial for identifying, measuring, and communicating the social value generated by organisations. SIM may not only help waqf entities validate their impact and enhance their performance but also aids in fulfilling their accountability. It facilitates the alignment of their activities with higher objectives rooted in *Maqāṣid al-Sharī'ah*. Therefore, there is a critical need to introduce SIM in waqf organisations to measure and verify their social impact to the society as part of fulfilling its accountability role, the gaps in literature and conceptual framework.

In the upcoming chapter, the research methodology employed for this study will be discussed in detail. This will encompass the research design, data collection methods, data analysis techniques, and ethical considerations, providing a robust foundation for the subsequent phases of this research endeavour.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The previous chapter discusses the concept of waqf, accountability and SIM. This chapter discusses and explains how the study is designed and conducted based on the research objectives surrounding the exploration of the SIM methods currently adopted by waqf organisations in Malaysia. Given the specific and uncharted nature of the topic concerning SIM and waqf, this study adopts a qualitative approach. This approach involves a thorough review of existing literature, and in-depth case studies which includes interviews with relevant stakeholders and analysis of relevant documents. The justification for choosing this methodology is explained in the following discussion.

3.2 RESEARCH METHODOLOGY

Research can be approached in various ways, deductive or inductive; quantitative or qualitative, depending on the nature and objectives of the research. The deductive approach is applied when a study attempts to test a hypothesis based on the existing theory by evaluating the collected data (Bryman & Bell, 2011). Meanwhile, the inductive approach is employed when there is inadequate information about a phenomenon, suitably used in an exploratory study such as this one, whereby not much is not known about the understanding and application of SIM in waqf organisations in Malaysia. The inductive approach generalises specific cases to a greater extent by transferring the data from particular instances to more general phenomena (Tarique, 2017). According to Sekaran and Bougie (2010), an exploratory study is undertaken to better understand the problem since very few studies might have been conducted in that area.

A quantitative approach works with numerical data to analyse it statistically, whereas a qualitative approach aims to explore data that is rich in details and depth. This study therefore employs a qualitative approach in its attempt to answer the research questions. The reason for using a qualitative approach is due to the research questions' reliability on the qualitative approach that could assist the researcher in describing and exploring the situation, unlike the nature of quantitative research which looks into the associations and relationships among variables (Creswell, 2009). In this case, in meeting the research objectives of the study, a detailed explanation of real-world contexts or phenomena, such as thought processes and experiences by waqf operators, is required. Unless the knowledge of SIM adoption in waqf organisations is widely known, a quantitative method such as survey would be applicable. For now, since the understanding of SIM by waqf organisations is still vague, the research objectives are difficult to meet through a quantitative research method with the concern that misunderstandings could happen. In the pursuit of gaining the opinion of experts relevant to waqf and SIM, a semi-structured interview to small sample size is deemed to be more suitable (Bryman & Bell, 2011; Creswell, 2009; Silverman, 2004). Semi-structured interviews with a small sample size are suitable when the research aims to achieve deep, context-specific insights, particularly in qualitative, exploratory, or context-specific studies. This approach allows for flexibility in questioning, enabling researchers to probe deeply into participants' responses and capture rich, detailed data.

3.3 RESEARCH DESIGN AND STRATEGY

In line with the discussion above, this study employs a qualitative approach, adopting a combination of exploratory and case study. According to Sekaran and Bougie (2013), an exploratory study is conducted when little is known about the situation at hand, or no information is available on how similar problems or research issues have been solved in the past. In such cases, an extensive preliminary work needs to be done to gain familiarity with the phenomena in the situation, and understand what is occurring, before we develop a model and set up a rigorous design for comprehensive investigation. This is similar to this study as very little is known about the adoption of

SIM in waqf organisations in Malaysia. Due to that, a rigorous literature review followed by case studies must be employed to develop a comprehensive SIM framework for waqf organisations in Malaysia. These qualitative studies where data are collected through observation and interviews are exploratory in nature (Sekaran & Bougie, 2013). Exploratory studies are also necessary when some facts are known, but more information is needed for developing a viable framework.

Next, this study adopts a case study research strategy. According to Sekaran and Bougie (2013), case studies “involve in-depth, contextual analyses of similar situations in other organisations, where the nature and definition of the problem happen to be the same as experienced in the current situation”. A case study research could collect a wide range of data and use various information sources, such as the examination of written records, interviews, and participant observation (Creswell, 2009). Having said that, case studies have some limitations too. According to Sekaran and Bougie (2013), finding a case that deals with similar problems and fulfils the right requirements is challenging. Besides that, many organisations are protective of their data therefore, authentic case studies are challenging to find. However, this can be mitigated by carefully scrutinising documented case studies to obtain several leads as to what factors might be operating in the current situation and how the problem might be solved. It is important to make efforts to understand and translate the findings to one’s own research.

Overall, the research design is inspired by Bryman and Bell (2011) where the main steps of qualitative are presented in the flow chart below:

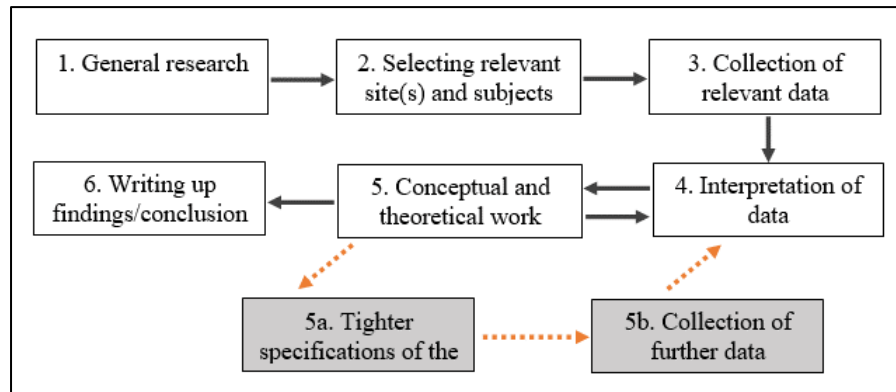


Figure 3.1 Main Steps in Qualitative Research
Source: Bryman and Bell (2011)

The critical literature review happens during the first step, where the set-up of the study is established, and the gaps are identified. In step two, the interview questions are designed based on the general research questions, and the selection of institutions to be made as a case study is determined. Based on the research questions, there are two types of data gathered. One is the primary data through semi-structured interviews is adopted. In this case, selective and purposeful sampling is used to identify the relevant persons for the interview. To substantiate the findings further, secondary data is obtained through past studies, publicly available reports and the internal documents from relevant waqf case studies. Finally, the framework is designed based on the primary and secondary data obtained before concluding. While at this stage, the researcher may make amendments to the research questions or collect more data in order to strengthen the findings and conclusions.

For this research specifically, a comprehensive research design is formulated to lay out the strategies for creating rigorous qualitative research with all the relevant steps. Following the research design adopted from Mokhtar (2015), this research is conducted in four stages as illustrated in Figure 3.2 below. The stages are:

1. Stage 1 – Preliminary review and background study.
2. Stage 2 – Research methodology and analysis of data.
3. Stage 3 – Discussion on findings and analysis of data.

4. Stage 4 – The development of SIM framework for waqf organisations in Malaysia.

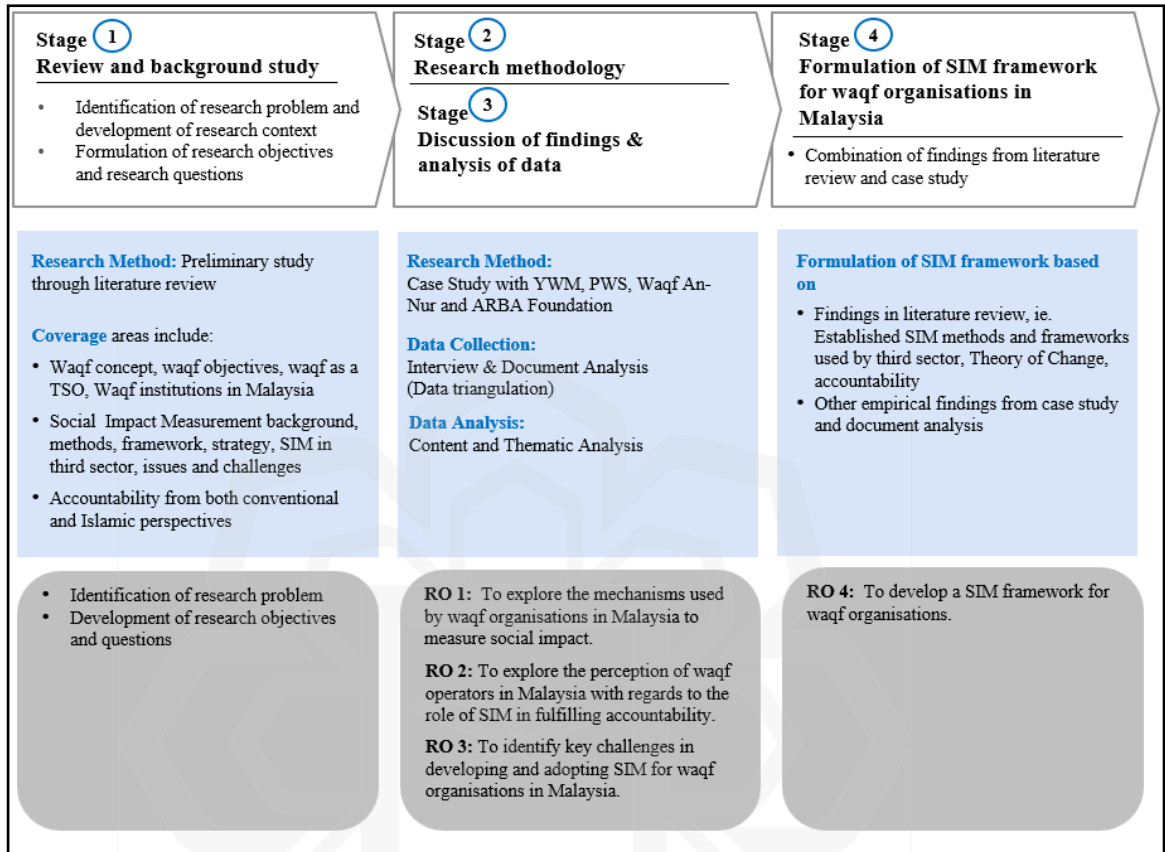


Figure 3.2 Research Design
Source: Author's Compilation

An overview of methodologies used in studies relevant to waqf, SIM and accountability are provided in table below:

Table 3.1 Relevant Previous Studies

Author (Year)	Title	Area of research	Methodology	Type
Mohtesham (2021)	The Development of Waqf Social Impact Measurement Framework: A Case Study of Waqf Institutions in Karnataka, India	Waqf, SIM	Case study and survey	Master's Thesis
Kamaruddin et al. (2020)	Empirical Investigation on Awqaf and Its Socio-Economic Impact in Malaysia	Waqf, SIM, Accountability	Single case study	Book Chapter
Alomair (2018)	Governance and Accountability in Corporate Waqf Institutions in Saudi Arabia	Waqf, Accountability	Case study, interview, document analysis	PhD Thesis
Kah (2018)	An Investigation into Social Impact Practices in Social Enterprises in the UK	Social Impact, Social Enterprise	Case study	PhD
Hassan and Salman (2018)	Islamic Accountability and Waqf Towards Achieving Equitable Distribution of Wealth Within the Islamic Economic Framework	Framework, Accountability	Literature review	Journal Article
Arshad et al. (2018)	Modelling Maqasid Waqf Performance Measures in Waqf Institutions	Waqf, Performance Measurement, Maqasid	Literature review, interview	Journal Article
Arshad and Zain (2017)	Performance Measurement and Accountability in Waqf Institutions in Malaysia	Waqf, Performance Measurement, Accountability	Literature review	Journal Article
Noordin et al. (2017)	Developing A Comprehensive Performance Measurement System for Waqf Institutions	Waqf, Performance Measurement System	Literature review	Journal Article
Idrus (2017)	Holistic Accountability of Malay/Muslim Non-profit Organisations in Singapore	NGO, Accountability	Interview	Masters Thesis
Nobari (2015)	Accountability and Social Impact Measurement for A Third Sector Supported Housing Organisation	SIM, Accountability	Case study	PhD Thesis
Mokhtar (2015)	The Evaluation Framework for Waqf Land Administration and Management in Malaysia	Waqf, Framework, Accountability	Case study and Content analysis	PhD Thesis

Author (Year)	Title	Area of research	Methodology	Type
(Ihsan, 2014)	Accountability Practice in a Waqf Institution in Indonesia: The Case of Dumpet Dhuafa	Waqf, Accountability	Case study	PhD Thesis
Osman (2012)	Accountability in Managing Waqf Properties: The Case of Two State Religious Councils in Malaysia	Waqf, Accountability	Case study	PhD Thesis
Abdul-Karim (2010)	Contemporary Shari'ah Structuring for the Development and Management of Waqf Assets in Singapore	Waqf	Case study	PhD Thesis
Pritchard-Wilkes (2014)	Social Impact Measurement: Constructing an Institution Within Third Sector Housing Organisations	SIM	Case study	PhD Thesis

Source: Author's Compilation

As shown in the Table 3.1, literature review and case study are the most common methodologies used in previous studies related to waqf, SIM and accountability. This indicates that these methodologies are suitable and effective for exploring the complex and contextual issues of waqf performance measurement and social impact, especially in a jurisdiction that is relatively unexplored like Malaysia. Therefore, this study replicates a similar approach to build on the existing knowledge and contribute to the field.

3.3.1 Preliminary Study

The preliminary study is done to obtain factual background information about the research. It is considered crucial in the research process as it is the key to the rigorous progress of the research. For this research, the preliminary study was done through a literature review.

3.3.2 Critical Literature Review

This study undertakes a critical review of the literature to obtain secondary data on waqf and SIM, especially in the third sector, as extensively discussed in Chapter 2. The sources for this secondary data include books, theses, journal articles, news, websites, reports from various agencies and jurisdictions as well as talks and lectures sourced from multiple video platforms. A literature review allows the researcher to build a solid foundation for the study by understanding waqf and its higher objectives, exploring the SIM currently practised in the third sector, the concept of accountability and *Maqāṣid al-Sharī'ah*. In this research, the literature review was conducted to familiarise the researcher with the full range of materials that are relevant to the field and avoid the risk of duplicating other researchers' works. The research gap was identified by scrutinising previous studies related to waqf, SIM and accountability. The research problem, research objectives and questions were also defined. Finally, the research design framework was set out, and the scope of this research was determined.

3.4 VALIDITY AND RELIABILITY

This study adopts a triangulation approach to the research process as part of ensuring the validity and reliability of the research. Triangulation is the method of using one or more ways in the research method process in order to gather the necessary information. Triangulation also has been viewed as a qualitative research strategy to test validity through the convergence of data from different sources. Sekaran and Bougie (2016) identifies four types of triangulations:

- i. Data triangulation: data is collected from multiple sources and/or at different time periods.
- ii. Method triangulation: variety of data collection and analysis methods are used.

- iii. Research triangulation: multiple researchers collect and/or analyse data on the same phenomenon.
- iv. Theory triangulation: multiple theories and/or perspectives are used to interpret and explain the data.

This study employs the first type of triangulation, which is the data triangulation. Data triangulation is considered as one of the reputable kinds of triangulation. This study adopts more than one data collection method, which are document analysis and semi-structured interview, in order to meet the objectives of this study and enhance the findings and results. This way, some information gathered from the interview is compared and confirmed by the document analysis, and vice versa, which will add credibility and reliability to the research. For example, statements made by the interviewees that contain data on past performances or achievements are substantiated with reported data from annual reports, news, and others.

3.5 DATA COLLECTION

It is crucial to apply the correct data collection methods while doing research. The methods adopted must be able to address the questions that have been constructed earlier in the research by either obtaining from primary or secondary sources. According to Sekaran and Bougie (2010), primary data refer to the collection of information gathered first-hand on the selected variables of interest to meet specific objective of the research. Secondary data, on the other hand, is the data collected from sources already available (Sekaran & Bougie, 2010). They are second-hand recollections of certain events, mainly based on primary sources (Alomair, 2018).

3.5.1 Data Collection Method 1: Documentary Evidence

The first data collection method for this study is an analysis of documentary sources of each organisation. According to Bogdan & Biklen (2003) in Alomair (2018), documents can be categorised into three main categories: i) Official documents:

documents generated by institutions for internal or external use, such as press releases, minutes, annual reports, websites and memos; ii) Personal documents: documents generated by individuals being studied, typically in a private context, such as emails, letters, and diaries; and iii) Popular culture: advertisements, books, recordings, movies, and any other products aimed at mass consumption.

According to Mokhtar (2015), sourcing documents from various sources could greatly assist the analysis process. This is due to the inability of some of the officers interviewed to provide adequate information due to time constraints, uncertainties, work overload and confidentiality of information. Instead, most of them are generous in guiding the researcher to documents with related information, either via email or by allowing the researcher to sight at their premise. This was true for this study too. Some documents were shared with the researcher after the interview sessions, such as presentation papers, newsletters, non-confidential working files and other document sources like files and articles posted by the institution in the news or online. There are instances where the interviewees could not provide certain confidential documents. However, this is immediately mitigated by the researcher by asking the interviewees to describe verbally the key important information from the data, or if they could allow for a quick sighting of the documents at the premise without the need for the researcher to duplicate it with a photocopier or capture it in form of a photo.

3.5.2 Data Collection Method 2: Interview

To complement the document review, a series of semi-structured interviews were conducted with four selected waqf organisations in Malaysia, providing valuable insights into their SIM practices. There are different types of interviews, such as unstructured, semi-structured, and structured (Silverman, 2004). In unstructured interviews, the researcher does not have a pre-defined set of questions, while structured interviews have a pre-defined and detailed set of questions which need to be answered in the same order. Semi-structured interviews balance the two types whereby the researcher prepares pre-defined questions but may ask additional questions or include other topics during the interview.

The semi-structured interview is adopted for this study because it allows for an exploration of opinions and attitudes of participants regarding a particular subject matter. Horton et al. (2004) argues that open-ended questions enable interviewees to provide unrestricted opinions and offer their insights accordingly, while Silverman (2004) believes those questions can generate data that give an authentic insight into people's experiences. On top of that, the semi-structured interview design helps obtain in-depth information about the topic, while exploring and allowing for room for preliminary issues to surface organically (Sekaran & Bougie, 2010). Since SIM is an under-explored and specialised niche area, other research methods like survey are not considered suitable as this research does not attempt to seek a mass opinion on a particular matter. Instead, a semi-structured interview allows for flexibility to the researcher to explore the understanding, applications and issues surrounding SIM in depth.

Having said that, interviews are not without any weaknesses. Some of the most prominent disadvantages of interviews are the presence of unconscious bias, access to interviewees, time-consuming and could be expensive (Alomair, 2018; Creswell, 2009; Silverman, 2004). However, since the benefits of this data collection method is far more valuable in understanding SIM in waqf organisations, the said challenges are managed accordingly. One the ways is by having an interview guide to ensure the interview stays within the topic of discussion and avoid unconscious bias. The interview guide, which consists of interview questions, are also verified by experts to ensure validity and suitability to this study. The study also adopts purposive sampling to address the time and cost limitations, without compromising on the quality of the data by carefully choosing the respondents, which will be discussed in the next section.

3.5.3 Sampling Method and Strategy

There are several types of sampling techniques that can be used for qualitative research, depending on the situation and availability of data. This study's respondents are narrowed using a *purposive sampling*, whereby the selection of participants is

based on what the researcher wants to discover, understand, and gain insight (Merriam & Tisdell, 2015). Individuals, groups, and settings are considered for selection if they are “information rich” (Mokhtar, 2015). Examining information-rich cases allows the researcher to gain valuable insights and a deep comprehension on the subject matter. These cases contain substantial information and therefore can provide valuable insights and a profound understanding of the core issues relevant to the research objectives.

3.5.3.1 Case Selection

As the leading figure in the Islamic finance industry, Malaysia provides the right opportunity to explore the practice of SIM by various categories of waqf organisations, both onshore and offshore. There are four categories of waqf organisations as described in Section 2.2.3 and one organisation from each category is selected to be interviewed to provide a fair overview of the waqf organisations in Malaysia. The sample selected is shown as per table 3.2.

Table 3.2 Sample Selected for the Case Study

Category	Sample Selected
Waqf organisation under the federal government	Yayasan Waqaf Malaysia
Waqf organisation under the State Islamic Religious Council (SIRC)	Perbadanan Wakaf Selangor
Corporate waqf (Waqf managed by corporations)	Waqaf An-Nur Corporation
Labuan International Waqf Foundation (LIWF)	ARBA International Waqf (L) Foundation

These four waqf organisations were selected due to their distinct differences in management, which reflect the different ways, capabilities, resources, motivations and challenges the face while measuring social impact. The waqf organisation under the federal government is under the purview of the Department of Awqaf, Zakat dan Hajj (JAWHAR) which sits under the Prime Minister's office with no direct mandate to administer waqf like the states; SIRC represents the public, government-linked institution and sole administer of waqf as per Article 3 of the Malaysian Federal Constitution; and corporate waqf bodies are managed like a private corporation with a different approach and flexibility than SIRCs. Meanwhile, as described in Section 2.2.3.1, LIWF combines the unique features of waqf and private foundation, allowing an endowment through the waqf principles to be incorporated into a private foundation. Some LIWFs explicitly mention in their vision statement that the programmes that they organise are to support their pursuit of making an impact on society. Therefore, their motivation and way of measuring impact is something worth exploring. The distinct and unique features of each of the four waqf organisation above are also described in Section 2.2.3.

3.5.3.2 Participant Selection

The selection of interview respondents within each organisation is made based on criteria such as their knowledge, expertise, experience, and positions within the organisation, ensuring a diverse range of perspectives. Those who are not involved in the strategic planning and day-to-day operation of waqf matters would not be able to give the answers needed to some of these questions. The preference is to interview those involved in the performance evaluation, impact assessment, strategic planning, management accounting, policy- and decision-making for these waqf organisations. The interviewees are preferably those holding senior management positions in the organisations. However, for a smaller organisation like ARBA, the position does not matter as much due to the exposure the whole team, regardless of position, get from their daily operations.

To protect the anonymity of the respondents, table 3.3 provides the departments where the respondents are from. The information on the respondents' departments represents their area of expertise and knowledge. Meanwhile, Table 3.4 describes the positions of the respondents (to represent their experience) and the attached pseudonym for the purpose of discussions and analysis in Chapter 4 and 5. The arrangement of the positions described in Table 3.4 is independent of the sequence presented in table 3.3.

Table 3.3 Respondents' Department

Organisation	Department Representation
Yayasan Waqaf Malaysia (YWM)	C-Suite Policy & Development Collection Management Marketing & Corporate Management
Perbadanan Wakaf Selangor (PWS)	Collection Management Finance
Wakaf An-Nur Corporation (Waqaf An-Nur)	C-Suite Socioeconomic Development Strategic Waqf Shariah Corporate Communications & Marketing
ARBA International Waqf Foundation (L)	C-Suite Project Management Media & Branding

Due to waqf being a specialised area and not many people have deep knowledge in it, this sampling method is preferred. As a result, the professionals and officers with the required knowledge in this specialised area are selected due to their experiences in waqf operations, services and direct dealing with waqf matters. This sampling method helps the researcher gather enlightened opinions and knowledge, thus making it a rich data source (Sekaran & Bougie, 2016). It also helps the researcher to find the targeted sample quickly.

Table 3.4 Summary of Respondents' Positions

Organisation	Respondent's Position	Code
Yayasan Waqaf Malaysia (YWM)	C-suite Executive	A1
	Manager	A2
	Manager	A3
	Manager	A4
Perbadanan Wakaf Selangor (PWS)	Manager	B1
	Manager	B2
Wakaf An-Nur Corporation (Waqaf An-Nur)	C-suite Executive	C1
	Head of Department	C2
	Head of Department	C3
	Head of Department	C4
	Senior Executive	C5
ARBA International Waqf Foundation (L)	C-suite Executive	D1
	Head of Department	D2
	Head of Department	D3
	Executive	D4
	Executive	D5
Total		16 participants

3.5.4 Interview Flow

3.5.4.1 Before Interview – Content Validation with Experts

Before conducting the interview, existing literature is studied intensively during the preliminary study mentioned in section 3.4. The identified gaps and gained understanding are used as an inspiration for questions in order to obtain the most of the respondents' opinions and views on SIM in waqf organisations.

To support the flow of the interview and ensure all areas of the research are covered, an interview guide is used. An interview guide consists of a set of questions are prepared beforehand. However, during the interviews, the order of questions in the interview guide might not be strictly followed. Due to the open and semi-structured character of the study, the respondents may answer the questions in an unconstrained way, mentioning everything that came into their minds. The interviewer may also add in new questions following the response and flow of the interview. The interview guide ensures the interviews stay on track.

The questions are designed to meet the following research objectives;

RO1. To examine the current SIM mechanism by waqf organisations in Malaysia.

RO2. To explore the perception of waqf organisations with regards to the role of SIM in fulfilling accountability.

RO3. To identify key challenges in developing and adopting SIM for waqf organisations in Malaysia.

RO4. To develop a SIM framework for waqf organisations.

After constructing the questions, two content validation sessions are done with qualified waqf researchers and SIM experts to ensure that the questions are relevant, valid, comprehensive and can be understood by respondents. For this research, two experts in social impact, qualitative studies, waqf and accountability are approached for the validation of the interview questions. The sessions are crucial to receive preliminary feedback for modifications needed to improve the questions and direction of the interview. The original interview questions can be found in Appendix D.

The first content validator recommends simplifying the majority of the questions and cautioned against using yes/no questions whenever possible. However, if yes/no questions are necessary, he advises mapping out subsequent questions following the answers given. He stresses the importance of using precise and concise language in the questions, which should serve as a guide for discussion. It is essential to keep these questions broad and guide the follow-up questions based on the answers during the interview.

After the meeting with the first content validator, the researcher adjusts the questions further before meeting the second content validator. Based on the revised interview questions, he provides detailed feedback on the wording of the questions. He emphasises the necessity for questions to connect smoothly and avoid abrupt transitions, advocating the use of clear and straightforward language throughout. He

also emphasises on the importance of maintaining objectivity in all questions and refraining from leading interviewees toward specific ideas. Most crucially, he recommends approaching each interview without preconceived notions to mitigate biases.

The comments received are incorporated into the revised and final interview questions, which are as follows:

Unit 1: Overview of SIM understanding, and mechanism currently adopted by Waqf organisations (to address RO1)

1. Waqf aims to enhance the socio-economic condition of Muslim Ummah in various sectors. What are the mandates and key areas that your organisation focuses on?
2. How does your organisation track, record, and report the waqf assets dedicated by the waqif?
3. How does your organisation also track, record, and report the fund and benefits distributed to the beneficiaries of waqf?
4. What are the current mechanisms that your organisation uses to measure social impact?

Unit 2: Waqf organisation's perception of SIM in fulfilling accountability (to address RO2)

1. How does your organisation perceive its social responsibilities in impact reporting? I.e., as an internal reporting tool or external stakeholder accountability?

2. How does your organisation currently demonstrate accountability to its stakeholders?
3. What is your perception of SIM's role in helping waqf organisations fulfil its accountability to stakeholders?

Unit 3: Issues and Challenges (to address RO3)

1. What are some key challenges faced by your organisation in measuring impact?
2. How can the challenges be improved?

Unit 4: Metrics and indicators to measure social impact (to address RO4)

1. What are the frameworks or indicators that you consider or will consider integrating into the SIM framework for waqf organisations? Why are they prioritised?

3.5.4.2 After Interview

After the interview, the recordings are immediately transcribed and compared to the notes taken by the researcher during the interview. In the event where some responses are not clear, the researcher would immediately reach out to the respondents. Thereafter, the content of the transcriptions is categorised into similar themes, and the themes are used as a guideline to discuss and analyse the findings in Chapter 5.

On top of that, the researcher also reaches out to the respondents for any supporting documents like presentation slides during their meetings and reports that are not publicly available. Most of the time, the respondents are very accommodating

and answer the additional questions posed by the researcher either via email or text messages.

3.6 DATA ANALYSIS

Content analysis is adopted to analyse the data obtained from literature, such as reports, journals, websites, as well as interview recordings. This method enables the researcher to analyse (large amounts of) textual information and systematically identify its properties, such as the presence of certain words, concepts, characters, themes, or sentences.

For the interview, after collecting the data, the interview recordings are transcribed and analysed, adopting the thematic analysis method. The method is suitable for qualitative analysis (Fereday & Muir-Cochrane, 2006) and provides researchers with a deep understanding of the data collected (Attride-Stirling, 2001). The method also helps researchers analyse the diversity of opinions and thoughts of different respondents about a particular subject matter or issue.

3.7 ETHICAL CONSIDERATIONS

In preparation for data collection, it is imperative for the researcher to address a range of ethical considerations. These considerations revolve around safeguarding the rights and well-being of the respondents participating in the study. Ethical concerns encompass the following key aspects: obtaining informed consent, ensuring transparency and protection against deception, as well as safeguarding the privacy and confidentiality of the respondents. The following are some important steps a researcher should take to ensure the confidentiality of the respondents are protected:

1. Prior to embarking on the research journey, the researcher seeks official **approval** from relevant institutions. This institutional approval signifies a crucial initial step, as it not only establishes the researcher's commitment to

ethical standards but also ensures that the institution is aligned with the study's objectives and procedures.

2. Subsequently, **informed consent** is an ethical foundation that cannot be overlooked. After securing institutional approval, the researcher proceeds to obtain explicit consent from the respondents. This consent is systematically and comprehensively communicated through an informed-consent letter, wherein the potential risks associated with participation in the study are transparently outlined. The informed-consent process serves as a means of ensuring that participants fully understand the nature of their involvement and willingly agree to participate.
3. Finally, the researcher takes utmost care to protect the **confidentiality and privacy** of the respondents. Respondents are informed that their personal information will be treated with the utmost discretion and will remain private. To further safeguard their identities, the real names of respondents are not disclosed in any aspect of the study. Instead, pseudonyms are employed during data analysis and reporting, thereby shielding the identities of participants from potential exposure.

These ethical considerations are not mere formalities; they are foundational principles that underscore the integrity and responsibility of the researcher. As articulated by Orb et al. (2001), ethical diligence is paramount in research, especially in upholding the privacy and well-being of the respondents. By adhering to these ethical steps, the researcher ensures that the respondents' rights and dignity are respected, fostering a climate of trust and accountability throughout the research process.

3.8 RESEARCH FRAMEWORK

Below is the summary of the framework of this research as discussed extensively in this chapter:

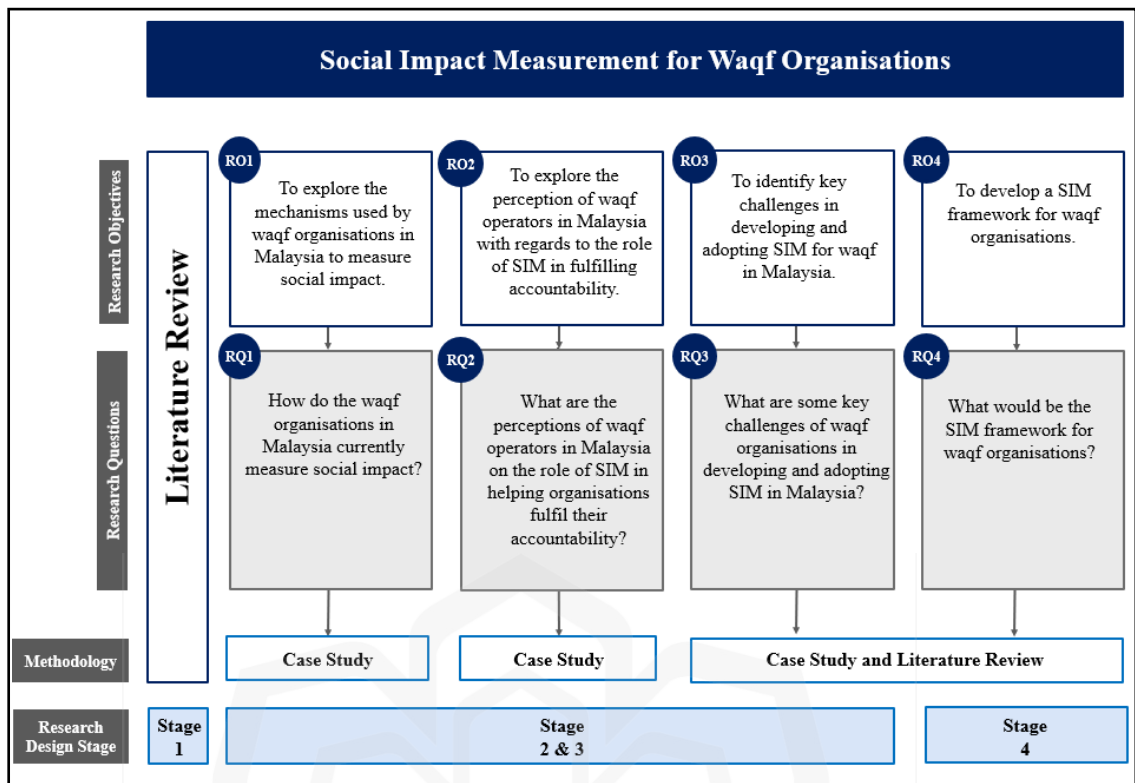


Figure 3.3 Research Framework
Source: Researcher's Compilation

3.9 CHAPTER SUMMARY

In summary, this chapter outlined the research methodology and design for this study. The study adopts a qualitative approach with an inductive, exploratory and case study design. The data collection methods are literature review, semi-structured interviews and document analysis. The data analysis methods are content analysis and thematic analysis. The research process is divided into four key stages: an initial review, developing the research framework and analysing data, discussing findings, and creating a tailored SIM framework for waqf organisations in Malaysia. This structured approach ensures a comprehensive exploration of SIM methods within this specific context. To enhance the study's reliability, a data triangulation method is employed, combining primary data from interviews and secondary data from various documents. This comprehensive data collection approach deepens the understanding of the subject at hand. The study also follows ethical principles such as obtaining institutional approval, informed consent, transparency, and confidentiality of the respondents. The

chapter also presents a diagram that illustrates the main components and relationships of the SIM framework for waqf organisations in Malaysia. The next chapter will present the findings from the data collection process.



CHAPTER FOUR

FINDINGS OF DATA COLLECTION

4.1 INTRODUCTION

This chapter presents the findings of the data collection from four waqf organisations in Malaysia, namely Yayasan Waqaf Malaysia (YWM), Perbadanan Wakaf Selangor (PWS), Waqaf An-Nur Corporation, and ARBA International Waqf (L) Foundation (ARBA). This chapter is divided according to the organisations, with each section discussing the background of the organisation, and their responses to the research questions. The chapter also discusses the common variables and indicators that can be integrated into the SIM framework for waqf organisations. The findings are based on the analysis of the interview transcripts, document reviews, and web page contexts. At the end of the chapter, a summary of the findings is shared.

4.2 YAYASAN WAQAF MALAYSIA

4.2.1 Overview of the Organisation

Yayasan Waqaf Malaysia (YWM) is a national waqf entity officially established on 23 July 2008 by the Department of Waqf, Zakat, and Hajj (JAWHAR) under the Prime Minister's Office. The YWM Board of Trustees is led by the Minister of Religious Affairs in the Prime Minister's Department as the Chairperson, and the Vice Chair is the Director General of JAWHAR. Additionally, the Board includes representatives from State Islamic Religious Councils (SIRC), government agencies, and corporate figures. Figure 4.1 illustrates the waqf governance in Malaysia and the relationship between YWM, JAWHAR and SIRC.

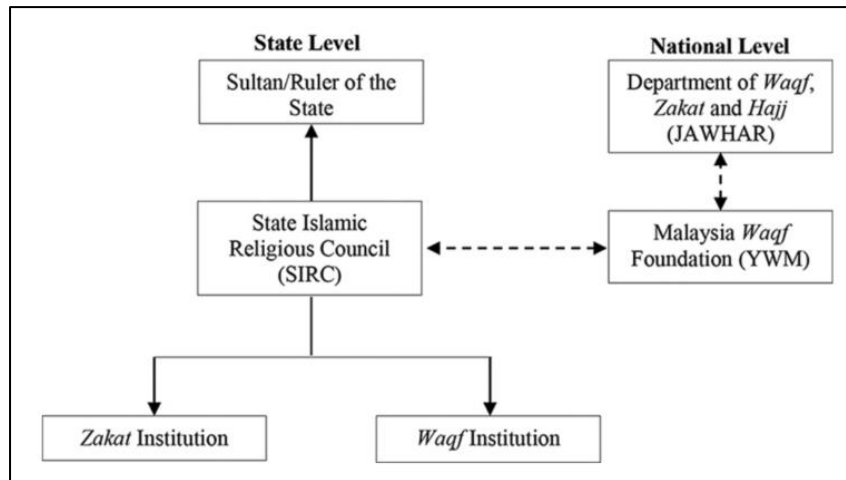


Figure 4.1 Waqf Governance Structure in Malaysia
Source: Hashim (2019)

YWM operates under the Trustees (Incorporation) Act 1952 [Act 258] and abides by the relevant waqf enactments in SIRC and Malaysian laws currently in force. Its vision is to become a leader in waqf development in Malaysia, while its mission is focused on utilising the waqf mechanism in alignment with the *Maqāṣid al-Sharī'ah*, benefiting the universal Ummah, and setting a precedent in waqf development that can serve as a global reference. YWM also aims to maximise the potential of existing waqf properties while minimising undeveloped ones.

The organisation has outlined five key objectives to guide its activities. Firstly, it aims to develop and advance waqf properties nationwide in collaboration with SIRC, the sole waqf trustee. Secondly, it seeks to promote the development of waqf assets and the properties of Muslims for charitable purposes, encompassing four key areas which are economic, educational, social, and welfare-oriented activities. Thirdly, YWM aims to generate capital through contemporary and innovative methods that fully utilise the waqf returns. Fourthly, another crucial goal for YWM is to address socio-economic inequality progressively and productively among Muslims, with a special focus on reducing the poverty gap. Finally, YWM is committed to fulfil the trust given by the waqf donors for an efficient and effective management of waqf resources.

To carry out its mission and achieve its objectives, YWM undertakes various functions as follows:

1. To collect waqf funds to build the YWM Trust Fund, which serves as the economic capital for Muslims.
2. To collaborate with entities such as SIRC, public and private higher education institutions to advance and develop waqf properties, while also researching and introducing new waqf products.
3. To place great emphasis on welfare and social programs that positively impact the lives of Muslims in this world and the hereafter, such as giving out scholarships, assistance to the needy, and to fulfil the trust given by waqf donors to the best of its abilities.
4. Engaging in investment programs involving the YWM and Malaysian Cash Endowment funds. These investments strictly adhere to Shariah principles and continue until their distribution is implemented.
5. Organising promotional and publication programs. This includes hosting conferences, seminars, and other events while producing informative leaflets to expand and advance the vision and mission of YWM.

4.2.1.1 Overview of YWM's Waqf Products and Sponsorship

YWM introduced several waqf products with the aim of promoting and innovating the expansion of waqf property in line with current developments. These products have contributed significantly to the overall collection and distribution of waqf funds.

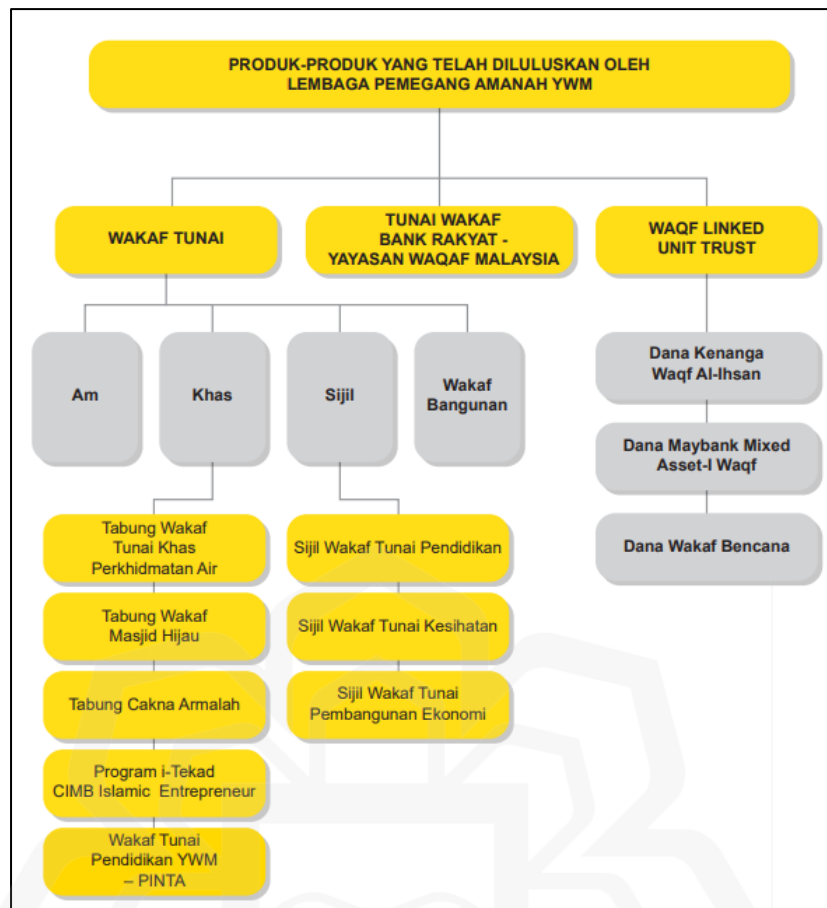


Figure 4.2 Waqf Products Approved by the YWM Board of Trustee
Source: Yayasan Waqaf Malaysia

Figure 4.2 above illustrates the products that have been approved by the YWM Board of Trustee. Below is the detailed description of the products:

1. **General (Am):** Used for general purposes and there are no conditions set by the endowment.
2. **Specific (Khas):** Used for a specific purpose with a specific purpose set by the endowment.
 - a) **Tabung Wakaf Tunai Khas Perkhidmatan Air (Wakaf Air):** This is a waqf product created through a collaboration between YWM and the Ministry of Environment and Water with an aim to collect waqf funds

to finance small-scale water services projects worth below RM50,000, such as:

- i. Water source pumping system from the well;
- ii. Purchase of spare parts and one-off maintenance;
- iii. Preventive operation assistance fund as well as rehabilitation of rural water supply system;
- iv. Provision of alternative water sources that involve low maintenance costs and safe to use.

b) **Tabung Wakaf Masjid Hijau:** A waqf product created through a collaboration between YWM and Malaysian Green Technology and Climate Change Corporation, an agency under the Ministry of Environment and Water. This becomes one of the funding sources for mosque development projects in Malaysia that are based on green technology and helps to spread the importance of a green lifestyle especially among mosque goers and the local community. The impacts of the Green Mosque Waqf are as follows:

- i. Economic aspects: Reduce the burden of mosque/surau operation costs and reduce the consumption of energy and water in the mosque/surau which is increasing. This effort also provides new opportunities for companies to expand their business in promoting green technology.
- ii. Environmental aspects: Environmental sustainability can be improved by contributing to the target of reducing the intensity of greenhouse gas (GHG) production compared to GDP by 45% by 2030.
- iii. Social/Community aspect: Cultivate community awareness by instilling green culture lifestyle. In addition, the function of the mosque/surau can be developed towards education on environmental sustainability, cooperation between private

companies and houses of worship and opportunities for Corporate Social Responsibility and ESG programmes.

c) **Tabung Cakna Armalah:** A waqf product created through collaboration between YWM and the Muslimin Foundation Malaysia Berhad. It is a fund that focuses on the generation of cash waqf to support single mothers and widows. Through this cooperation, YWM focuses on things like fund generation, program production and socio-economic activities, distribution for the purpose of balancing the basic needs of life and treating the poor with disabilities.

d) **Program i-Tekad CIMB Islamic Rider Entrepreneur (*Wakaf Bertempoh*):** This program is a synergistic collaboration between YWM, CIMB Islamic Bank Berhad, Yayasan Belia Malaysia, Taylor's University and Foodpanda by making the entrepreneurship development agenda among the community especially the youth as an element in waqf empowerment. This program was created to give opportunities to youth and *asnaf* who are qualified and interested in join and work as in the food delivery industry. The implementation method is as follows:

- i. CIMB Islamic Bank Berhad will identify eligible youth from the B40 group and *asnaf* who are interested in joining and working as food delivery people and register them under this program.
- ii. Selected participants will be given a waqf motorcycle for a period of 12 months and registered under the name of the *Yayasan Belia Malaysia* first before they can start working as delivery man.
- iii. Yayasan Belia Malaysia in collaboration with Foodpanda will monitor progress of the participants within a year. After the end of the endowment period, the motorcycle will be awarded directly to the participants to continue their career in food delivery.

- e) **Wakaf Tunai Pendidikan YWM – PINTA:** This is a waqf product created through collaboration between YWM and the National Association of Tahfiz Al-Quran Institutions (PINTA). The cash collected will be used for educational purposes in tahfiz institutions in Malaysia.
3. **Tunai Wakaf Bank Rakyat - YWM:** This is a waqf product created through collaboration between YWM and Bank Rakyat. The cash money donated for this waqf will be maintained as the seed investment (*'ayn waqf*) by investing it in Shariah-compliant banking products. The returns will be recognised and deposited into as a waqf benefit (*manfa'at waqf*) fund. Bank Rakyat has also offered a waqf fund of RM1 million as a matching grant where for every ringgit contributed by an individual waqif, Bank Rakyat will give waqf of the same value into the waqf fund.
4. **Cash Waqf Certificate (Sijil)** is a waqf scheme where YWM invites people to participate in cash waqf. The cash collected will be invested or turned into permanent assets that are within the objective of the certificate. The return from the investment will be used for the dedicated purpose.
- a) **Education:** The return generated from the asset will be used for the following purposes:
- i. To finance the purchase of educational tools for the welfare of the community.
 - ii. To finance the purchase of equipment or clothing for unfortunate students.
 - iii. To finance the cost of modification or addition of educational facilities in any appropriate educational center.
 - iv. To help finance the cost of education needed by beneficiaries.
- b) **Health:** The benefits generated will be used for the following purposes:

- i. To finance the purchase of health equipment for the welfare of the community.
 - ii. To finance the purchase of medicines for indigent patients.
 - iii. To fund medical aids for the less able.
 - iv. To help cover the necessary medical costs.
- c) **Economic development:** The benefits generated will be used for the following purposes:
- i. To finance the purchase of tools that can be used for the improvement of the community's economy.
 - ii. To finance the purchase of any products from Islamic merchants where these items will be used as aid to those who deserve it.
 - iii. To help any trader who is in genuine difficulty due to the occurrence of a situation that makes their business hit.
5. **Building Waqf:** It is a waqf certificate scheme for the purpose of financing buildings which then provide returns through rentals by potential tenants. Part of the rental income is used for waqf programs and activities that will benefit the welfare of the community in various aspects.
6. **Dana Kenanga Waqf Al-Ihsan:** This product is a collaboration between YWM and Kenanga Investors Berhad which aims to provide opportunities for all Malaysians to invest with professional fund managers while giving waqf and contributing to social and community development throughout the country. A total of 50% of the investment proceeds will be channelled to YWM for waqf purposes.
7. **Dana Maybank Mixed Asset-I Waqf:** This product is a collaboration between YWM and Maybank Asset Management. A Shariah-compliant retail Islamic fund investment product with a waqf element where a portion of the income generated from the investment with the consent of the

investor, will be donated as cash waqf. The accumulated waqf funds will be distributed to those in need in the sectors to be identified.

8. **Dana Wakaf Bencana (Disaster Waqf Fund):** This product is a collaboration between YWM, Kenanga Investors Berhad and MATCH Foundation. Investors who subscribe to Unit Amanah Islamik funds that have a waqf element issued by Kenanga Investors Berhad will give preliminary consent to waqf a portion of the investor's annual income to the Disaster Waqf Fund. Part of the accumulated funds in the Disaster Waqf Fund will be converted into permanent assets (movable and immovable) for the purpose of disaster prevention and disaster relief while the rest will be invested in assets and investments in the Sharia-compliant financial market to produce returns that will then be distributed in the form of disaster relief such as cash, food, daily necessities and so on.

Besides that, YWM also sponsors some of these programmes with a specific target group as shown in Table 4.1. Anyone who meets the criteria may apply for the assistance.

Table 4.1 Sponsorship Fund by YWM

No	Programme	Project Details	Target Group
1	Wakaf Bencana	Providing immediate assistance to victims of natural disasters with basic needs such as basic foodstuffs (rice, sugar, instant noodles, biscuits etc.), clean water supplies (mineral water / drinking water), clothes, blankets and personal toiletries. In addition, assistance with school supplies such as school bags, stationery and uniforms will also be considered when necessary.	Victims of natural disasters
2	Wakaf Mesra OKU	Provide assistance to disabled people who are less able to buy support devices or artificial devices such as hearing aids, prosthetic legs and others that are appropriate on the condition of obtaining confirmation from medical officers or	People with disabilities

No	Programme	Project Details	Target Group
		medical experts.	
3	Wakaf iCare	Providing donated items in the form of basic food such as rice, cooking oil, biscuits and other suitable items for the purpose of catering to the needy subject to the conditions set.	Seniors in Need
4	Wakaf Be Skill	Provide basic entrepreneurship training to selected target groups to equip themselves with knowledge, skills and entrepreneurial characteristics to become viable and competitive entrepreneurs. RM5,000.00 one-off business assistance grant is given to each selected individual	Asnaf Group B40 Single mothers with disabilities
5	Wakaf 0 Waste	Buy a food waste processing machine that can decompose organic food waste into compost. Apart from saving the cost of food waste management, the by-product of this process is compost that can be sold and also renewable electricity from biomass (biomass renewable energy). Contribution is minimum RM500,000.00 per unit	Neighborhood Center Food court
6	Wakaf Go Green	Project 1: Provision of Solar Powered Water Wells Provision of drinking water in areas where there is no source of water or no clean water through digging (boring) the ground and water pumps based on solar energy or using electricity. Contribution depends on the population density around the area involved. Expected average cost of RM15,000.00 per unit including transportation and installation costs. Project 2: Small Scale Solar Panel Assistance (4.69kw) Provision of electricity in areas without electricity based on Small Scale Solar Panels (4.69kw). Contribution depends on the population density around the area involved. Expected average cost of RM25,000.00 per unit including transportation and installation costs.	a. Inland areas b. Aboriginal Village c. Place of worship
7	Wakaf Be Smart	Project 1: Implementation of the 3M Basic Mastery Program Implement a program for students from poor families who have dropped out of school to master the basic skills of reading, writing and counting. Contribution rate is RM100.00 per session for each student or based on actual needs.	Illiterate / special needs / blind / students who will sit for the main exam

No	Programme	Project Details	Target Group
		<p>Project 2: Preparation of Tuition Classes / Additional Classes Provide tuition classes especially for students who will sit for important exams and come from moderate income families as well as students with a moderate level of academic achievement to enable these students to improve their mastery in core subjects. Contribution rate is RM50.00 per session for each student or based on actual needs.</p> <p>Project 3: Redevelopment / Renovation of the Library / Resource Centre / any learning support centre Rebuild or rehabilitate any learning support centre whether library or resource centre whose damage causes the centre to be unable to operate. Contribution is subject to need.</p>	
8	Wakaf Be Learn	<p>Providing teaching aids (PBM) in helping the teaching and learning process in schools or educational institutions to be more effective and interactive for students to understand core subjects such as Mathematics and Science.</p> <p>Provide sports equipment assistance for schools that have talented students in any sports event. Contribution is up to RM10,000.00 per application</p>	Schools Educational institutions

4.2.1.2 Cash Waqf Collection and Distribution

Total cash waqf collected between 2017 to 2022 are as follows:

Table 4.2 Total Cash Waqf Collected Between 2017 to 2022

Year	Total Collection (RM)
2017	2,554,099
2018	2,852,643
2019	2,858,546
2020	2,802,896
2021	6,063,111
2022	3,899,029

Source: Yayasan Waqaf Malaysia

Based on the list of waqf products in Section 4.2.1.1 and Figure 4.2, below is the waqf collection for the year 2022 for each of the product.

Table 4.3 Total Collection for Each Product in 2021 and 2022

No	Waqf Product	Total Collection 2021 (RM)	Total Collection 2022 (RM)
1	Wakaf Tunai Am	1,736,576.00	1,865,991.00
2	Wakaf Khas Masjid	45,239.94	-
3	Tabung Wakaf Tunai Khas Perkhidmatan Air	3,268,558.43	895,008.61
4	Tabung Wakaf Masjid Hijau	46,661.25	151,518.49
5	Tabung Cakna Armalah	2,985.00	118,809.15
6	Program iTekad CIMB Islamic Rider Entrepreneur	1,431.00	162,620.99
7	Wakaf Tunai Pendidikan YWM – PINTA	3,268.66	3,429.80
8	Tunai Wakaf Bank Rakyat - YWM	225,790.35	537,654.59
9	Wakaf Prihatin	18,516.04	5,659.05
10	Sijil Wakaf Tunai Pendidikan	55,330.00	29,130.00
11	Sijil Wakaf Tunai Kesihatan	464,539.46	30,615.00
12	Sijil Wakaf Tunai Pembangunan Ekonomi	24,190.00	10,430.00
13	Sijil Wakaf Bangunan	170,025.00	22,550.00
14	Dana Wakaf Bencana	-	53,029.27
15	Wakaf Halal PKS	-	1,951.01
16	Wakaf Makmal Bahasa Digital Bergerak	-	10,632.19
TOTAL		6,063,111.13	3,899,029.15

Source: Yayasan Waqaf Malaysia

The collection received will then be used in various ways and distributed based on the intention of the donations or product categories that they are meant to be for. Some funds are distributed to the SIRC as the Mawquf ‘Alaih while some will go to the identified investments before they derive the returns from the investments to be distributed to.

Table 4.4 Cash Waqf Distributed to SIRC in 2021 and 2022

No	State Islamic Religious Council	Total Distributed (RM) 2021	Total Distributed (RM) 2022
1	Majlis Agama Islam Melaka	22,132	31,126
2	Perbadanan Wakaf Selangor	4,068	-
3	Majlis Agama Islam dan Adat Istiadat Melayu Perlis	17,004	16,670
4	Majlis Agama Islam dan Adat Istiadat Melayu Terengganu	80,815	91,378
5	Majlis Agama Islam Negeri Johor	134,128	138,044
6	Majlis Agama Islam Negeri Sembilan	24,035	22,911
7	Pusat Wakaf MAIWP Sdn Bhd	2,472	35,231
8	Majlis Agama Islam Negeri Kedah	52,205	57,778
9	Majlis Ugama Islam Sabah	-	2,580

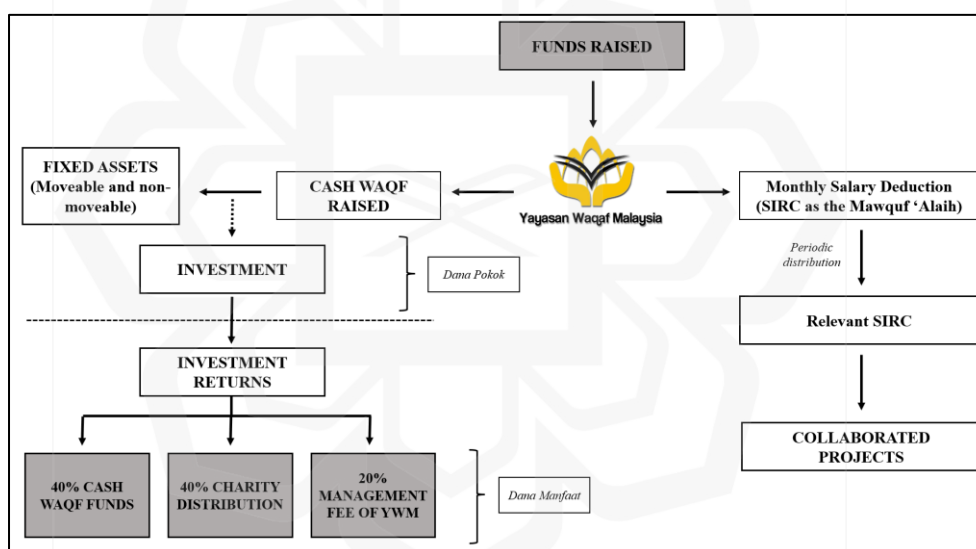


Figure 4.3 How Waqf is Managed by YWM

Source: Yayasan Waqaf Malaysia

Figure 4.3 shows the flow of how waqf is managed by YWM. Since the mandate for YWM is only cash waqf, some of the funds need to be retained as Dana Taslim or Dana Pokok in form of fixed assets or investment. The investment returns (Dana Tawzi' or Dana Manfaat) will either go back to the cash waqf funds, 40% will be distributed to selected charities and 20% will be the management fee of YWM.

4.2.1.3 Dana Taslim (Dana Pokok) and Dana Tawzi' (Dana Manfaat)

Dana Taslim is a fund obtained through the contribution through the Wakaf Tunai Malaysia (WTM). The funds are divided into two categories of use, namely:

- i. Funds are converted into permanent property either through purchase or construction; and
- ii. while waiting to be replaced with permanent property, the funds will be invested in sharia-compliant investment products with capital guarantees and will be returned to the Taslim Fund to maintain the original value of the funds.

Dana Tawzi' is more flexible where they can be used for the purpose of developing waqf projects or non-permanent charitable contributions. These funds are collected from:

- i. returns obtained from the development that has been implemented;
- ii. profit from investment; and
- iii. profits obtained from the Dana Tawzi'

Both Dana Taslim and Dana Tawzi' will be used for religious purposes, education, housing, food and health. An illustration of WTM management recommendations is summarised through the following diagram:

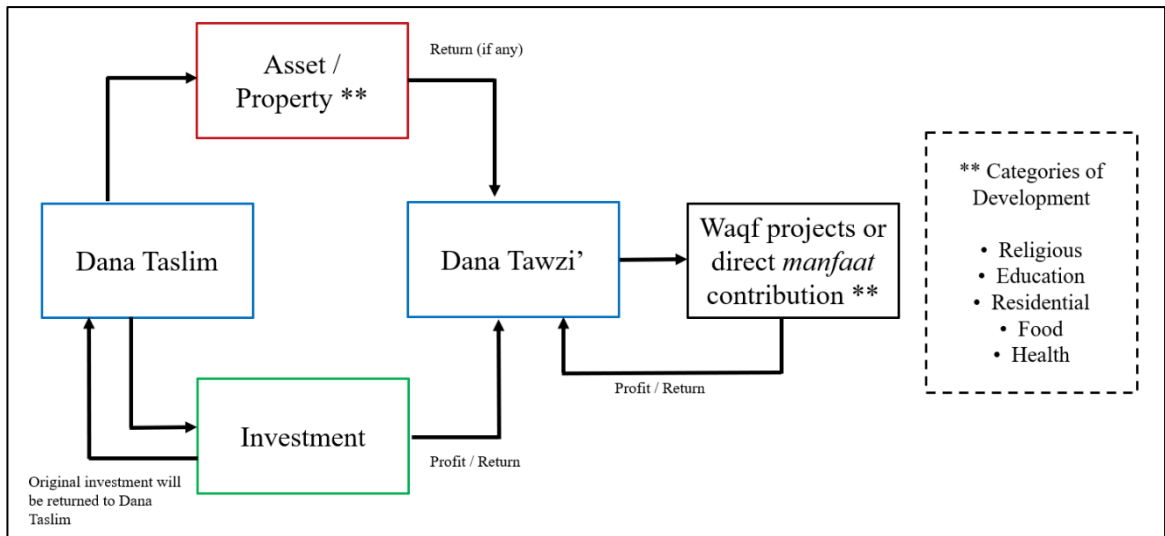


Figure 4.4 Fund Distribution Model by YWM
Source: Modified from Yayasan Waqaf Malaysia's Website

There are a few ways where people can contribute to the YWM cash waqf. Contributions can be made via Malaysian cash waqf system which allows for contribution via FPX Gateway, salary deduction and printing of waqf statement for the purpose of tax deduction, internet banking, takaful, postage money (*wang pos*) and YWM counters.

4.2.2 The Mechanisms Used by YWM to Measure Impact

YWM's mandate is only on cash waqf as described extensively in Section 4.2.1 earlier. The organisation's main goals are collecting cash waqf funds, developing and advancing waqf properties, implementing investment programs, and running social welfare programs. Therefore, the organisation's objectives reflect the charity programs conducted by them, which focus on four (4) key areas which are health, education, environment, and economic empowerment.

YWM currently uses the Malaysian Cash Waqf System or Sistem Wakaf Tunai (SWT) in Malay, whereby the system has a database of donors' profile, amount donated, receipts and other documentations that allow for donors to claim their tax

rebates. To ensure the collected waqf funds are used efficiently to meet their objectives, YWM collaborate with many parties ranging from SIRC's, corporates such as banks, government agencies like Yayasan Muslimin and many others. They have a committee set for each initiative where the division of tasks is also clearly defined within the committee. Some projects are monitored directly by YWM, while others are monitored by the collaborators. On top of that, to keep track of the status of all projects under YWM, there must be a progress report for each project that is introduced.

For moveable waqf assets, the general rule of thumb is the activities or outputs or recipients' status are tracked every 6 months and reported via a few reports such as "*Laporan Pemantauan Aset Alih Wakaf*" or Moveable Waqf Assets Monitoring Report to ensure waqf assets are still used and maximised in the best way possible. Some of the items included in there, which was sighted during the interview, are details of recipients, type of assistance, type of funds, date of distribution, value, and status. For individual recipients, YWM will follow up with them at random due to the limited resources to follow up with the big number of recipients. Meanwhile, for group or company recipients, the follow-up mechanism will be via email and phone calls to all.

YWM also holds the Monitoring and Verification Visits (*Lawatan Pemantauan dan Verifikasi*) to their selected waqf projects financed through its Green Mosque Waqf Fund. This fund is a waqf product created through a collaboration between YWM and Malaysian Green Technology and Climate Change Corporation. This fund sources for mosque development projects in Malaysia that are based on green technology and helps to spread the importance of a green lifestyle especially among mosque goers and the local community. Recently, in September 2023, the YWM team had paid a Monitoring and Verification Visit to the Masjid Zaid bin Haritsah in Wangsa Maju, Kuala Lumpur, as part of their impact measurement efforts. A sustainable urban farm programme is on-going there and the harvested fruits and vegetables are expected to benefit the needy and local community. Another visit was also made to the Masjid Nurul Iman in Pulau Pinang, whereby solar system is installed on the roof of the mosque as part of the Green Mosque initiatives.

On top of annual report, which is published on their website, they also have the separate detailed report on distribution (*Laporan Program Agihan*), which is also published yearly.

“We have an annual report, and it is not just a financial report, but we also include the report on activities done, operations, collections and distributions. We also publish posters on our social media. For example, for each activity like the wakaf air, there is a report on how many water waqf projects are there, where are they all going? But I have to admit that for as far as our report goes, it's only from the output level, but we don't go deeper, how for example, how far is the reach of the wakaf air, how do the lives of the recipients, say, the indigenous people improve? We haven't done that yet.” (A1, Top Management)

The need to measure impact was emphasised during the interview. However, they are not confident to say that the reports they have so far fulfil the definition of a SIM.

“I actually think that the YWM is already in the process of measuring and evaluating each program. For example, YWM often calls waqf recipients, sometimes we go to the field to ask, (we also measure) how much the states (SIRC) have received, how many projects have been conducted, we have records of pictures, how much have we collected, how many million and so on, how much been distributed, which we even have in the Laporan Program Agihan Tahunan (the annual distribution report). It's just that maybe we don't mention "social impact measurement" specifically.” (A3, Manager)

The management is keen to learn and have the impact measurement done when they have the resources to do so. The document analysis shows that the annual report produced by YWM on a yearly basis and the detailed distribution reports provide a good overview of what the organisation does, but a change of narrative and deeper elaboration of impact may be necessary to link its theory of change with the achievements of their programmes. The programs under YWM are currently moving towards the direction of both SDG and *Maqāṣid al-Sharī'ah*.

4.2.3 The Role of SIM in Fulfilling YWM's Accountability

This section delves into the perception of the ability of SIM in fulfilling accountability to stakeholders within the context of waqf organisations. According to all interviewees, they highly believe that SIM will help them be accountable to their stakeholders with regards to managing waqf and ensuring they are used as much as possible for the benefits of the society. On top of that, YWM also believes that if SIM is in place, YWM will be able to attract more contributors especially from high-net-worth individuals (HNWI) and big corporations. Unfortunately, at the moment, the majority of their contributors come from the bottom 40% of the society (B40) and middle 40% (M40) through salary deductions, physical carnivals and others.

“SIM is a very, very important tool for accountability. Not only that, I also think that SIM can help boost the waqf collection because our current collection is low due to the majority of our contributors coming from lower income groups. But if we implement SIM, I think we can target High Net Worth Individuals (HNWI) and also big corporations to contribute to our cause. Our current mechanism attracts mostly B40 and M40 to contribute to waqf, when in actual fact the potential is much bigger. SIM can be a means for waqf organisations to use to attract more participation and donations from the HNWI.” (A1, Top Management)

This view is supported by A2 who believes that measuring impact and reporting the impact can attract more donations and waqf contributions.

“In the annual report, we do list everything we have received, including donations from waqf and in general. We report, we do not hide how much we get. Thereafter, we also publish everything, how much we receive, how much we utilise, how much we invest, we will publish all the benefits. This is so that the public can access the information and hopefully this increases their confidence to contribute to waqf when they see the money they gave is channelled to recipients who really need it.” (A2, Manager).

YWM also view that SIM would be able to help them exert their accountability to stakeholders, particularly external stakeholders, with regards to how their contributions to waqf are utilised.

“For me, SIM should be very necessary as a tool for external accountability, not just an internal report. What I understand about internal reporting is that it is for us to finalise it and assess what needs to be done and areas to be improved on. But when it comes to external reporting, we send a message on how we conduct our activities and let the people know how their contribution has been utilised and distributed, and how our projects give impact to the society. Why is this important? People will ask where the money is distributed. Just because we have the salary deduction in place, where people allocate about RM10 to RM50 every month to contribute to YWM. But people don't have the clarity on where the money is channelled to. So, if we have a standard (SIM) report and tell where the impact is, that is how we exert our accountability to them.” (A1, Top Management)

Currently, YWN have a periodic reporting to the following committees: Shariah Committee, Investment & Finance Committee, Audit Committee, Management Committee and Board of Directors. The meetings and reporting to all the committees serve as platforms for them to exert their accountability to all their stakeholders including the government and SIRCs, as well as an effort for YWM to remain transparent, seek decisions, update progress and ensures all initiatives are aligned with the Islamic principles and ensures religious legitimacy.

A3 views SIM as a tool of accountability, but not an urgent or a must-have but rather, a good-to-have. A3 equates this to Tahsiniyyah, one of the categories in the preservation of maslahah under *Maqāṣid al-Sharī'ah* based on the projection of importance and priority: Dharuriyyat (necessity), Hajiyyat (convenient) and Tahsiniyyat (refinement or perfection). According to A3, SIM is not a necessity, but it will definitely enhance the current measurement in place.

4.2.4 The Challenges Faced by YWM When Measuring Social Impact

YWM holds a significant role in advancing societal well-being through its philanthropic endeavours. As an organisation dedicated to improve, promote and develop waqf, YWM's efforts are substantial, yet measuring its social impact remains a complex and challenging task. Based on the interview, the following challenges

were identified by the interviewees as some of the most prevalent challenges in their efforts to adopt SIM.

Firstly, it is the lack of knowledge and understanding of this concept of impact measurement. The intricacies of SIM often elude organisations like YWM due to a lack of comprehensive knowledge and understanding, especially among staff and the public.

“I think the knowledge about social impact management among my staff is very lacking, so the traditional way is just to report where the money goes. But they don't know how to report and interpret the impact (of the contribution).” (A1, Top Management)

SIM entails a structured approach to assessing the outcomes and effectiveness of initiatives. Without a clear grasp of SIM principles, YWM may struggle to define key indicators, gather relevant data, and interpret outcomes accurately. This dearth of comprehension can hinder YWM from articulating and communicating its profound impact on the Malaysian society. According to the A1, the mindset shift also needs to happen with regards to how waqf is currently looked at. It should not be seen as a merely religious tool, and it should not all be about collection and distribution alone. There needs to be an ingrained belief that waqf can make a substantial difference in the lives of the society and therefore should be pursued as such.

Secondly is the shortage of expertise in guiding the process of impact measurement.

“The second is the absence of a dedicated team (to measure impact).” (A1, Top Management)

Successful implementation of SIM demands specialised expertise in data collection, analysis, and interpretation. YWM currently does not have professionals with the necessary skills to guide the SIM process effectively. The absence of experienced individuals hinders the development of suitable measurement frameworks and result in suboptimal data collection. Collaborating with experts or investing in capacity-building initiatives can help bridge this expertise gap, enabling YWM to accurately evaluate its societal contributions.

“In my perspective, it is imperative that we engage a qualified expert for this task. This is primarily due to the necessity of accurate impact measurement and the subsequent reporting. The essence of effective reporting lies in the ability to proficiently gauge and articulate the measured outcomes. This ensures that the information is comprehensible to a diverse audience, spanning from entry-level staff to the upper echelons, including the CEO. Such comprehensive reporting is pivotal in guiding the YWM’s trajectory and shaping the precise contours of our projects. In my assessment, the foremost challenge we face is securing the requisite expertise.” (A4, Manager)

“If we have a team that specialises in SIM, then that will beautify and enhance the existing measurement.” (A3, Manager)

“Lack of staff is indeed (a challenge) because everyone here now has an existing focus in their respective job scopes, so if you want to measure social impact, then we may have to get another division.” (A2, Manager)

Thirdly, is the inadequate training for staff. A well-trained team is essential for the seamless execution of SIM within YWM. However, due to resource constraints and other factors, providing comprehensive training to staff members may prove challenging. Inadequate training can lead to data collection and analysis errors, undermining the reliability and validity of social impact assessments. YWM would want to prioritise investing in training programs tailored to SIM methodologies to equip its team with the necessary skills to effectively measure and communicate its social impact.

Finally, the majority of the interviewees believe that the financial constraint in the budget is also one of the challenges to implement SIM. In other words, budgetary limitations present a significant hurdle for YWM in its efforts to measure impact. Establishing a robust SIM framework requires financial resources for technology, data collection tools, software, and personnel. Allocating funds to SIM initiatives might divert resources from YWM's primary programs and initiatives, which is why striking

a balance between investing in SIM and maintaining the organisation's core mission is crucial.

“SIM can attract more people to waqf, which is a good thing to practice. But it also requires cost.” (A3, Manager)

However, according to the A1, the budget can always be raised as long as it is justified. The initial investment in building the right team and infrastructure for impact measurement will eventually be worthwhile because the information gathered from the exercise will guide stakeholders to optimise resource allocation and maximise the social impact of waqf projects. When the impact is properly measured and communicated, this will attract more people, including HWNIs to contribute to waqf. The higher the waqf collection, the higher amount can be spent for operations. Currently, 20% goes to operation costs.

4.3 PERBADANAN WAKAF SELANGOR

4.3.1 Overview of the Organisation

4.3.1.1 PWS Establishment and Legal Framework

Perbadanan Wakaf Selangor (PWS) was established in 2011 to administer and manage waqf in the State of Selangor, Malaysia. PWS was founded with the duty to encourage, drive, assist, develop, and advance waqf properties and products in accordance with the Shariah law, including to oversee the development, administration, and utilisation of waqf properties and assets in Selangor. It operates under several key legal documents, including:

- i. **State Islamic Religious Management Enactment (Selangor) 2003 (Amended 2008):** This enactment provides a legal framework for the management of Islamic affairs in Selangor, including waqf management.
- ii. **Waqf Enactment 2015:** This legislation outlines the regulations and guidelines related to waqf administration and management.

iii. **PWS Establishment Order 2011 (Amended 2012):** This order established PWS as a legal entity responsible for implementing the management of waqf in Selangor.

Despite the establishment of PWS, it's important to note that the sole trustee for waqf properties remains with the Selangor State Islamic Religious Council (MAIS) according to the Selangor Waqf Enactment (2015). As of January 2023, PWS is managed by 45 staffs to support their operations. Figure 4.4 below shows the organisation structure for PWS.

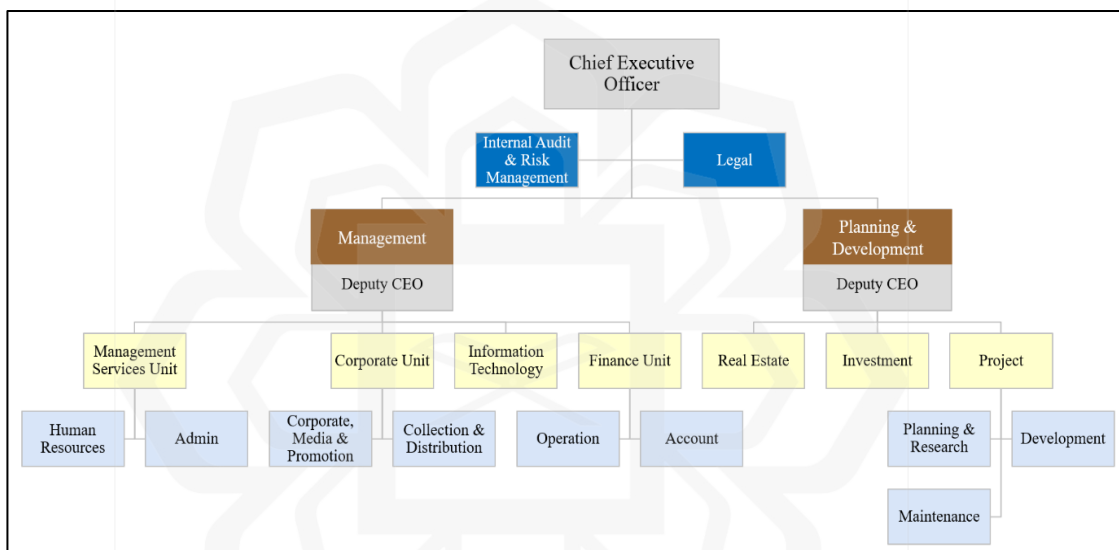


Figure 4.5 PWS Organisation Structure
Source: PWS Website

4.3.1.2 Vision, Mission, Objectives and Functions of PWS

PWS operates with a clear vision and mission statement. Its vision is to honour the honourable Waqf Institutions based on Al-Quran, Al-Hadith, and Shariah law, while its mission is to grow with the Ummah through the cultivation of waqf in catalysing the development of Islam from economic and social aspects. PWS has also defined several key objectives, which include:

PWS has also defined several key objectives, which include:

- i. Cultivating and facilitating the practice of waqf in a systematic and effective manner through various waqf products.
- ii. Ensuring continuous benefits from waqf by developing and increasing the value of waqf properties, expanding waqf investments in the economic field, and promoting social development for the well-being of the Ummah.
- iii. Establishing PWS as a sustainable, reliable, and effective Waqf Institution.

Furthermore, PWS also has several important functions, including:

- i. Providing advice to the MAIS regarding policies, methods, and measures to promote the development of waqf properties and products.
- ii. Implementing and enforcing policies and directives related to waqf development.
- iii. Developing, adopting, and implementing policies, methods, and measures for waqf property and product development.
- iv. Coordinating property development and waqf products.
- v. Planning, developing, implementing, and encouraging waqf property and products.
- vi. Managing and maintaining waqf property, including facilities, infrastructure, and tools.
- vii. Promoting, coordinating, and conducting research and development related to property and waqf products.

According to B2, the first five years of PWS establishment, the focus was to cultivate waqf (*membudayakan wakaf*) while the subsequent five years focus on waqf empowerment (*pemeriksaan wakaf*).

4.3.1.3 PWS Waqf Category

PWS oversees two categories of waqf. The first category is the Real Estates & Development, and the second category is Cash Waqf. The total waqf valued between 2011 to 2021 is RM1.894 billion, with RM1.516 billion coming from the real estate and cash waqf of RM378.34 million. The Figure 4.6 shows the breakdown of the waqf categories.

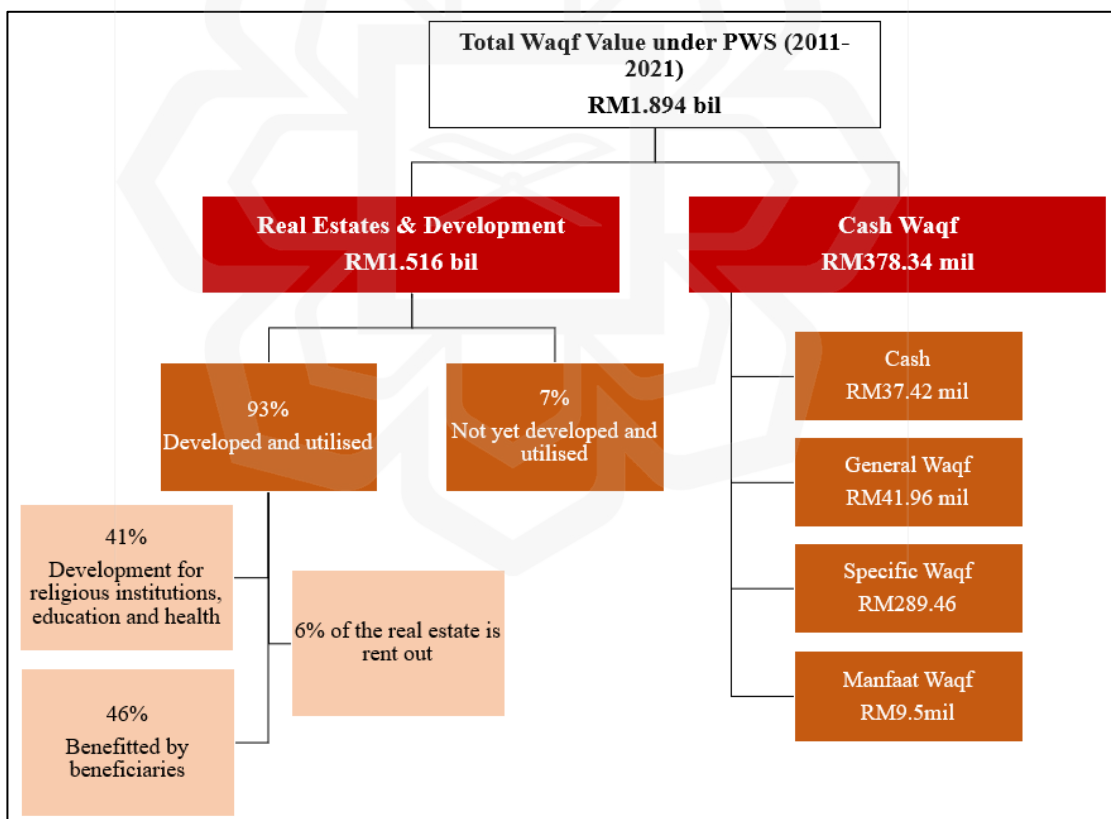


Figure 4.6 PWS Waqf Categories and Values From 2011-2021
Source: PWS's Sedekad Book

4.3.1.3.1 PWS Real Estate and Development Portfolio

Since its establishment, PWS has registered and managed a significant waqf property and real estate portfolio. As of 2022, the estimated worth of this portfolio is approximately RM1.8 billion, encompassing 1,741 acres of land (Source: PWS Slides).

PWS has established three subsidiaries to assist in the development and management of waqf properties:

- i. **Urus Maju Ehsan (M) Sdn. Bhd (UME):** UME is a developer company established in 2014, wholly owned by PWS, dedicated to developing both waqf and non-waqf land.
- ii. **WS Energy 1 Sdn. Bhd. (WSE1) and WS Energy 2 Sdn. Bhd. (WSE2):** These two wholly-owned subsidiaries, established in 2017, are focused on managing petrol station projects on waqf land.

As seen in Figure 4.6, six percent of the developed and utilised real estate comes from rental. Total rental collection received for the year 2011 until 2021 amounted to RM9.5 million. Rental collection is then channeled systematically and efficiently through breakdowns to beneficiaries (as intended by the endowment), management fees and real estate expenses. The division of the collection is in compliance with the rulings that have been decided by the Selangor State Fatwa in 2013 and 2017 as illustrated in Figure 4.7. Beneficiaries of this distribution include mosques, suraus, madrasahs, orphan associations, *maahad tahfiz*, religious primary schools, shelters for the poor, orphans, muallaf and general waqf. The total waqf benefit distribution that has been implemented is RM4.32 million.

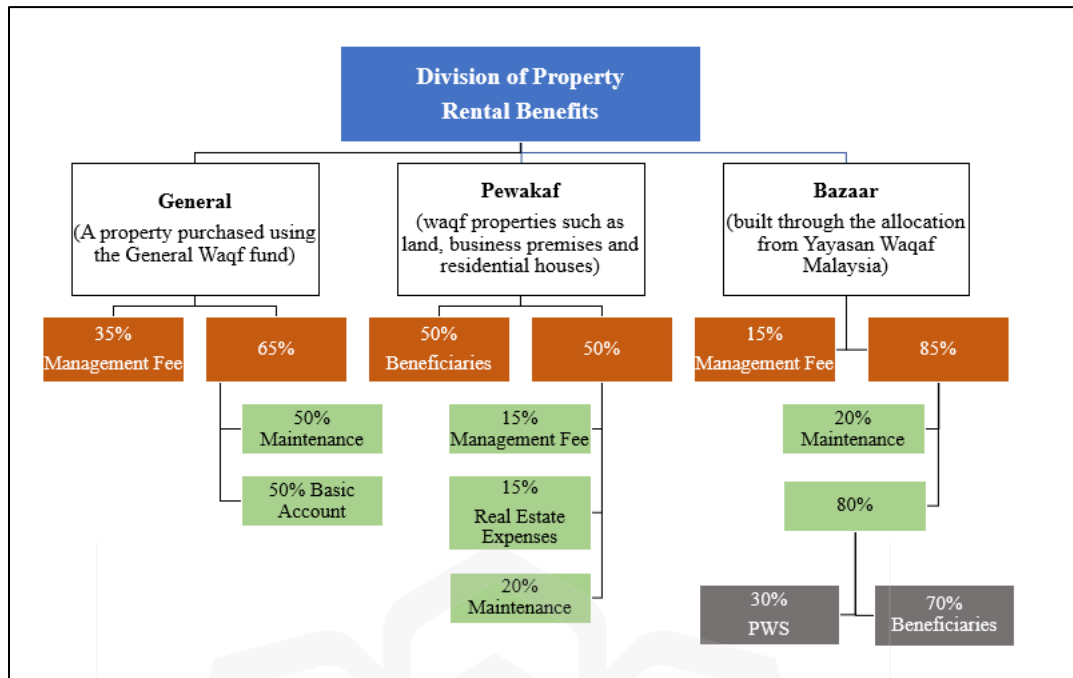


Figure 4.7 PWS's Division of Rental Benefits
Source: PWS

4.3.1.3.2 PWS Cash Waqf

The second meeting of PWS Board of Directors in 2018 agreed to implement Cash Waqf to replace the Selangor Wakaf Share with effect from 1 January 2018. During the Board Meeting dated 30 January 2020, the following Guidelines on the Use of Cash Waqf was approved:

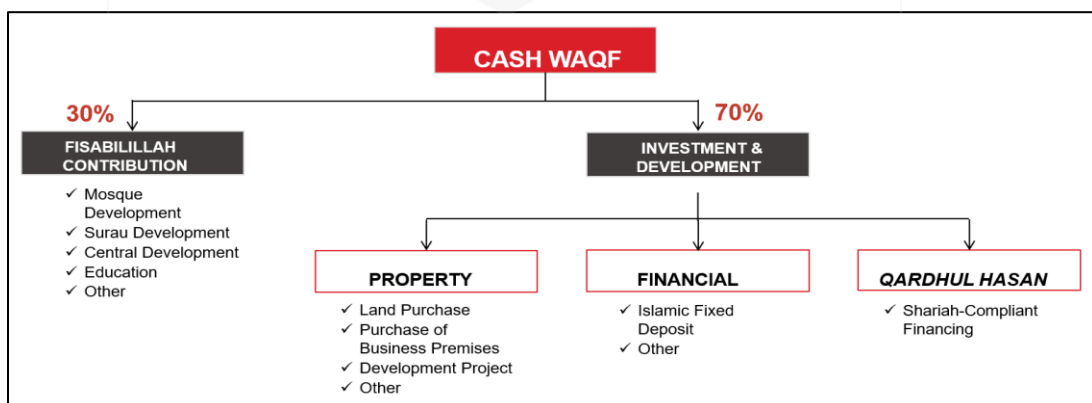


Figure 4.8 Guidelines on the Use of Cash Waqf
Source: PWS

The 30% Fisabilillah is used for the general benefits of the ummah through activities that are deemed suitable. Meanwhile, the 70% investment & development is used for the Real estate investment through the Concept of Resale (Subsale) of real estate, investment in property development projects, investments in Shariah-compliant Financial Institutions, Qardhul Hassan (or Shariah-compliant financing) and other forms of investment that are thought to be beneficial in PWS's view.

There are a few platforms for cash waqf under PWS. Contributions can be made via the headquarters counter in Shah Alam, salary deduction for both public servants and private sector workers, *da'wah* programmes around Selangor, cash waqf fund (tabung wakaf tunai) placed at 65 mosques, 3 units at premises under the local authority and 3 units at gas stations; PWS agents and online banking system.

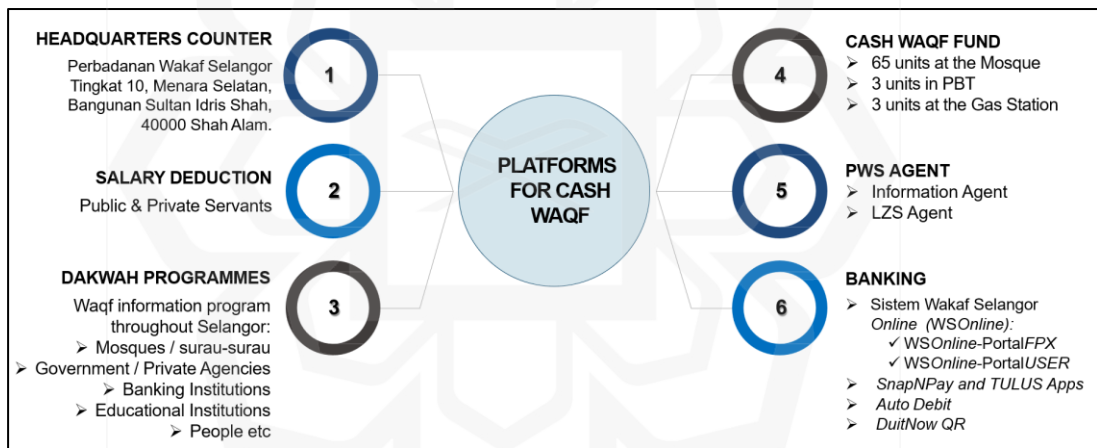


Figure 4.9 Platforms Used by PWS to Collect Waqf
Source: PWS

4.3.1.4 PWS Waqf Products

When waqf was under the management of Majlis Agamas Islam Selangor (MAIS) prior to year 2011, three waqf products were introduced, namely Saham Waqf Selangor, Waqf Taklik and Waqf Musytarak. Now, PWS has thirteen (13) waqf products as seen in Figure 4.5. These waqf products were introduced with the aim of promoting and innovating the expansion of waqf property in line with current

developments. These products have contributed significantly to the overall collection and distribution of waqf funds.

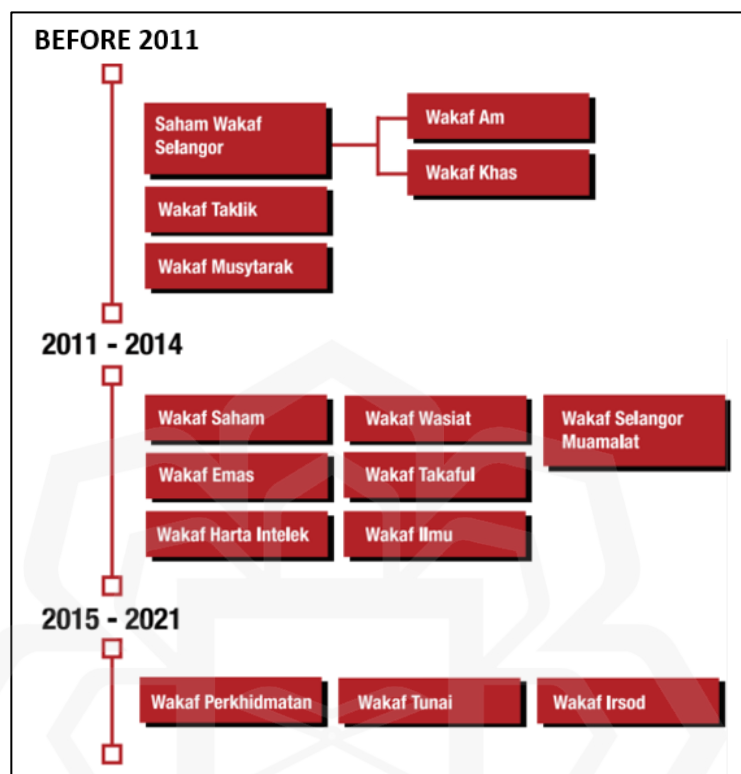


Figure 4.10 Waqf Products by PWS
Source: PWS

The definitions of the thirteen products are listed in the table below:

Table 4.5 List of Waqf Products by PWS

Timeline	No	Waqf Product	Definition
Before 2011	1a	Saham Wakaf Selangor – Wakaf Am	Any <i>mawqūf</i> (waqf property) created for the purpose of public welfare according to Islamic law
	1b	Saham Wakaf Selangor – Wakaf Khas	Any <i>mawqūf</i> (waqf property) created for charitable purposes or specific parties in accordance with Islamic law
	2	Wakaf Taklik	Any person can create a waqf taklik and it will come into effect when an event that is required by the

Timeline	No	Waqf Product	Definition
			waqif occurs.
	3	Wakaf Musytarak	Consolidation of several waqfs including waqfs created through istibdal and waqf shares
2011 - 2014	4	Wakaf Saham	Any property acquired or developed from the sale of shares, bonds, sukuk or other instruments of valuable security
	5	Wakaf Emas	Waqf with stored assets such as jewelry, gold pieces and others
	6	Wakaf Harta Intelek	Anything related to copyrights, patents, industrial designs, optical discs, trademarks and the like
	7	Wakaf Wasiat	Endowment of property in the form of cash, gold or real estate that takes effect after death
	8	Wakaf Takaful	Endow the takaful compensation received after death (managed by takaful company)
	9	Wakaf Ilmu*	A concept of cooperation between PWS and public/private higher learning institutions (HLE) for the benefit of the education and development of the HLE.
	10	Wakaf Selangor Muamalat*	A concept of cooperation between PWS and Bank Muamalat Malaysia Berhad in together with the public to endow property for the purpose of distributing waqf to agencies or institutions inside and outside Selangor for health, education and investment purposes.
2015 - 2022	11	Wakaf Perkhidmatan	Expertise and services that have value according to Islamic law
	12	Cash Waqf	Any contribution of cash, gold value or the like from any person for any purpose of waqf
	13	Wakaf Irsod	A land endowed by any corporation, institution, organization or other bodies in accordance with Shariah law

Source: PWS' Website and Annual Report

* PWS has also engaged in strategic partnerships to further its mission, including collaborations with Bank Muamalat for the Wakaf Selangor Muamalat (WSM) product, which aims to provide waqf for health, education, and investment purposes. PWS also collaborates with public and private Institutes of Higher Learning (IPTA/IPTS) through the Wakaf Ilmu product to benefit education and institutional development. The operations for both Wakaf Selangor Muamalat and Wakaf Ilmu are carried out by the related institutions while PWS acts as the holder of the *mawqūf* for

the institutions. The *manfaat* 'at distribution for the collaborations is shared in the Figure 4.11.

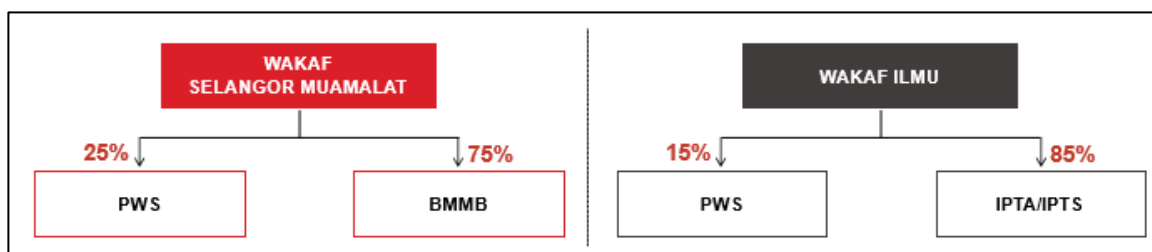


Figure 4.11 Manfaat Distribution for the Waqf Partnership
Source: PWS

4.3.1.5 Collection and Distribution

The collection and distribution of waqf based on the waqf categories is shared in the Table 4.6 below.

Table 4.6 PWS Waqf Collection and Distribution

Waqf Category/Product	Collection (RM 'mil)	Distribution (RM 'mil)
Cash Waqf	37.42	4.14
General Waqf	41.96	27.50
Specific Waqf	289.46	228.01
Manfaat Waqf	9.5	4.32
	378.34	263.97

Source: PWS

In terms of distribution, the waqf funds collected by PWS are distributed to various categories, including religious institutions (mosques and surau), educational institutions (schools), health institutions (hospitals), and for the well-being of the Ummah and economic development.

Table 4.7 Category of Waqf Distribution

Category of Distribution	Distribution (RM 'mil)
Religious Institutions - 158 mosques - 195 surau	148.00
Educational Institutions - 33 schools	73.62
Health Institutions - 62 hospitals	15.80
Ummah and economy - For the recipients of <i>manfaat</i> and investments	26.55
	263.97

Source: PWS

4.3.2 The Mechanisms Used by PWS to Measure Impact

The current mechanisms that the PWS uses to measure its impact involves several key components that combine technology, reporting and financial metrics. First of all, PWS utilises Geographic Information System (GIS), which is a computer system designed for analysing and displaying geographically referenced information. This system enables PWS to record, manage, and monitor waqf properties and real estate. By maintaining a comprehensive database of these assets, PWS can track their locations, values, and potential for asset development or rental.

Secondly, PWS maintains records of waqf collections and distributions, ensuring transparency and accountability in managing these funds. To assess the progress of waqf development projects, PWS closely monitors and tracks the various initiatives it undertakes. Financial statements are also prepared to provide stakeholders with insights into the financial health and performance of PWS.

Thirdly, PWS publishes annual reports in 2018 and 2019 that provide comprehensive insights into the organisation's activities. The reports are structured to include information on the vision and mission of PWS, its organisational structure, background, and history. These reports also detail the types of waqf managed by PWS, the amounts of waqf collected and distributed, financial statements and a summary of the

programs and activities organised by PWS. Visual elements such as photographs are included in these reports, allowing stakeholders to gain a holistic view of PWS's operations.

In addition to annual reports, PWS also produces a 10-year report, published in 2022, called *Sedekad*. It is almost similar to the annual reports except the report covers all their main activities, collections and distributions from the year 2011 to 2021. This report provides stakeholders with a sense of PWS's journey in the last 10 years since PWS came into operations, its strategic planning and its commitment to the preservation and promotion of waqf assets in Selangor.

Finally, PWS promotes transparency by sharing critical information on its website. This includes data on waqf collections from the years 2011 to 2016, a list of special waqf (waqf khas), details of properties available for rent or development, and a list of beneficiaries of manfaat waqf (waqf benefits) in 2016. Real estate statistics from 2016 are also made available, providing stakeholders with historical performance data.

During the interview, it was shared that for PWS, the unit of measurement for PWS's success is primarily the amount of waqf collections. This key performance indicator suggests that PWS views its impact through the lens of financial sustainability and growth. An increase in the amount of waqf collected is seen as a positive outcome, indicating progress toward the organisation's objective of promoting waqf and its mission of preserving these valuable assets. The growing number of waqf collection also indirectly shows that there is a potential for waqf assets and funds to be mobilised to support the socio-economic agendas.

In summary, PWS utilises a multi-faceted approach to measure its impact, combining annual and long-term reports, website transparency, and a specific focus on waqf collection amounts. This approach allows PWS and its stakeholders to assess PWS' performance, track its progress in promoting and preserving waqf, and ensure accountability in its efforts to support this important financial and social instrument.

4.3.3 The Role of SIM in Fulfilling PWS' Accountability

This section delves into the perception of the ability of SIM in fulfilling accountability to stakeholders within the context of waqf organisations. PWS is of the view that SIM plays a crucial role in fulfilling accountability to stakeholders, including the public and religious authorities. However, PWS acknowledges SIM's role may evolve to address the immediate priority of increasing contributions and ensuring the sustainability of waqf activities. While maintaining transparency and accountability remains essential, PWS may need to adapt its strategies and priorities to address the challenges it faces in the present circumstances. This shift in focus is driven by the need to attract more people to contribute to general cash waqf for sustainability purposes.

PWS has obtained a proud achievement in terms of clean, competent, and efficient governance. One of PWS's most proud achievement is when it is awarded with the "*Sijil Bersih*" or clean certificate for the audit of PWS financial statements and waqf fund statements for 10 consecutive years. In 2018, PWS also received the full 5 stars recognition in the Audited Financial Statements based on the Accountability Index. PWS has also received recognition from the Malaysian Anti-Corruption Commission (MACC) in the aspect of transferring ownership of waqf land, which means no room and opportunity for corruption found in the land transfer procedure used by PWS. All of these achievements, which were shared in their *Sedekad 2011-2021* report, prove that as a religious agency entrusted to administer and manage waqf property, PWS places administrative accountability as well as al-Quran, al-Hadith and Islamic law at its core as stipulated in the vision of PWS.

Currently, there are various mechanisms adopted by PWS to demonstrate accountability as mentioned in the previous section. The first one is the "*Sedekad Report*", which is similar to an Annual Report with a 10-year coverage. This report provides a comprehensive overview of its activities, financial performance, and the impact of its waqf initiatives from 2011 till 2021. This report is a critical tool for communicating the organisation's achievements and challenges to the public and

stakeholders. Prior to the publication of “*Sedekad Report*”, PWS had also published two annual reports in 2018 and 2019.

PWS also convenes regular board meetings to discuss and make decisions on key matters related to waqf management. These meetings serve as forums for transparency, allowing stakeholders to be informed about decisions and progress. Besides that, PWS also reports to the Majlis Agama Islam Selangor (Selangor State Islamic Religious Council) on a quarterly basis. This reporting ensures that the religious authorities overseeing PWS are well-informed about its activities, financial status, and impact. Finally, PWS ensures that important decisions and actions are discussed and shared with the Fatwa Committee. This involvement helps align their initiatives with Islamic principles and ensures religious legitimacy.

4.3.4 The Challenges Faced by PWS When Measuring Social Impact

PWS encounters various challenges in effectively measuring the impact of its organisation. One of the main challenges faced by PWS is the limitation in time, inadequate human resources and expertise. The multifaceted nature of SIM necessitates a skilled workforce with expertise in data analysis, project evaluation, and socio-economic metrics. Limited human resources and expertise hinder the efficient data collection, analysis, and interpretation of data necessary for a comprehensive SIM.

Secondly, PWS faces a critical challenge with regards to financial constraints and budget limitations. As instructed by the SIRC, PWS will need to be financially and operationally sustainable by 2025. At the moment, staff salary is still covered by the Council, which has been reduced in stages to prepare for the 2025 sustainability plan. This makes hiring skilled staff or even engaging external consultants for the purpose of SIM a great challenge. Moreover, the limited budget affects the implementation of data collection process, technology integration for efficient data management, and other essential components required for accurate SIM.

“Funding is also necessary because currently we still do many things here manually. We don't have an integrated system yet. Even within the financial system itself, there are many systems in it - there is the rental system, there is the waqf system, there are other systems for wages, those who pay one-off have other systems, and then, they will need to be integrated to a certain accounting system.” (B1, Manager)

Thirdly, the limited budget mentioned earlier also affects the efficiency in data collection process, technology integration for efficient data management, and other essential components required for accurate SIM. As it is right now, PWS uses a non-integrated technological system inherited from the SIRC of Selangor. The non-integrated system requires some processes to be done manually which decreases productivity of staff to do other tasks.

Fourthly, the perception of the public regarding waqf can be a significant challenge in gauging the impact of PWS' initiatives. Public awareness, understanding, and attitudes towards waqf can influence participation, contribution, and engagement with waqf projects. Misconceptions, lack of trust, or inadequate knowledge about waqf may affect the data gathered, making it difficult to assess the true impact and effectiveness of PWS's programs and activities.

Finally, another challenge faced by PWS with regards to SIM is navigating the complex legal landscape governing waqf. The clash of authority and jurisdiction between the religious, civil, and administrative bodies poses significant challenges in terms of defining a standardised legal framework for waqf management and assessment. The multiple legal interpretations and intricacies related to waqf assets can lead to ambiguities in defining the appropriate parameters for impact measurement.

In conclusion, PWS grapples with multifaceted challenges in measuring the impact of its initiatives. Legal complexities, resource limitations (time, staff, expertise, and budget), and the public's perception of waqf collectively form significant challenges. Addressing these challenges is imperative for PWS to enhance its SIM, ultimately advancing its mission of effective waqf management and community development. According to PWS, overcoming these challenges will

require strategic planning, staff development via trainings, collaborative efforts between many parties including lawmakers and academicians, and innovative solutions to foster sustainable growth and positive societal impact.

4.4 WAQAF AN-NUR CORPORATION

4.4.1 Overview of the Organisation

Waqaf An-Nur Corporation (Waqaf An-Nur) is a company limited by guarantee without shares initiated by Johor Corporation (JCorp). Its establishment aims to manage the company's assets and shares in the JCorp Group which are endowed. Waqaf An-Nur acts as *Mauquf 'Alaihi* to shares and other forms of securities of the company.

Waqaf An-Nur originally operated under the name *Pengurusan Klinik Waqaf An-Nur Berhad* from 25 October 2000. Waqaf An-Nur was initially established only to manage waqaf clinics and dialysis centers under JCorp with the implementation of operations by KPJ Healthcare Berhad. Subsequently, the company name was changed to *Kumpulan Waqaf An-Nur Berhad* on 19 July 2005.

As Waqaf An-Nur expanded its waqf initiative from traditional to contemporary innovation, it further changed its name to Waqf Annur Corporation Berhad on 21 May 2009. The change of name has a clear significance to its wider role and responsibility scope it has for the company. Notably, Waqaf An-Nur's unique approach to corporate waqf involved endowing company shares instead of accepting cash, distinguishing it from most other waqf institutions in Malaysia. Nevertheless, Waqaf An-Nur would still accept cash donations, but such funds would be used to purchase shares that are fully Shariah-compliant, effectively transforming the cash into waqf shares.

On 4th December 2009, a memorandum of understanding (MoU), or Hujjah, was established between JCorp and the State Islamic Religious Council of Johor (SIRCJ). According to this agreement, SIRCJ appointed Waqaf An-Nur as the Nazir

Khas (special mutawalli or manager) for waqf shares, not for cash waqf. This agreement aimed to prevent conflicts between Waqaf An-Nur and SIRCJ regarding waqf collections. Waqaf An-Nur was not authorised to directly collect cash waqf from the public, as this responsibility was solely entrusted to SIRCJ. Therefore, Waqaf An-Nur's primary focus was on growing the waqf shares and their values, maximising their potential to benefit donors and a broad segment of society. To achieve these benefits, Waqaf An-Nur was obligated to invest in solid stocks, Shariah-compliant products, and ensure excellent performance, thereby maximising the social value generated from the shares.

4.4.1.1 Vision, Mission, Objectives and Jurisdiction of Waqaf An-Nur

Waqaf An-Nur's vision is to be a "sustainable and professional waqf institution that empowers the economics of society" while its mission is "to develop the waqf institution professionally through innovation, creating business and managing the strategic asset productively and bringing wellness for future generation through waqf". In realising the vision and mission, several objectives have been set out to ensure that a short-term outcome could be achieved throughout the year. According to Waqaf An-Nur's memorandum of the article (M&A), its objectives are as follows:

- i. To implement and instil Islamic values in the management and administration.
- ii. To conduct research on contemporary methods and make recommendations that are in line with the objectives of an Islamic corporate organisation.
- iii. To coordinate and manage the operation of Klinik Waqaf An-Nur and its branches and to ensure the goal of providing health facilities and dialysis.
- iv. To plan and coordinate all religious activities and instil Islamic values in Waqaf An-Nur, other institutions, and the community.

v. As a secretariat of the Mosque Committee and coordinate the management of Waqaf An-Nur mosques and its branches.

vi. As the main reference centre for matters related to Islamic business management and other relevant things.

Besides that, the jurisdiction of Waqaf An-Nur has also been clearly laid out in the MOU and they are as follows:

- i. To become an entity recognised by the State Islamic Religious Council of Johor (SIRC-J) as recipient (*Mauquf 'Alaihi*), waqf manager and administrator who in the form of shares and other forms securities of business companies; from waqif including Johor Corporation, Muslims in general and companies or other bodies and organisations; as well as become an investment holding company.
- ii. Fighting for and dignifying the economy of Muslims in general, especially in assemble and add value to assets as well Waqaf An-Nur investment.
- iii. Act to implement and complete benefits of Waqaf An-Nur, through investment, contribution and infaq and distribution of benefits for purposes and benefits as determined as follows:
 - a. To support welfare activities related to mosques and contribute to the prosperity of the mosque.
 - b. Contribute to the fisabilillah struggle and fulfill the requirements of fardhu kifayah.
 - c. Contribute to all activities towards perform the demands of amar makruf and nahi munkar.
- iv. Succeeding in corporate social responsibility based on sharia, especially through programs that aim to educate and increase the social role of the

Network An-Nur Mosque, Waqaf An-Nur Clinic Network, as well as other CSR programs.

- v. Succeeding in human development programs and Waqaf An-Nur's human capital includes for increase knowledge, expertise professionalism, management skills and business experience of Waqaf AnNur employees and their families and Muslims in general.
- vi. Succeed in specially targeted programs to build entrepreneurship as well business culture programs.

4.4.2 The Mechanisms Used by Waqaf An-Nur to Measure Impact

To understand how Waqaf An-Nur measures their impact, it is imperative to first and foremost understand that Waqaf An-Nur's mandate revolves around two key functions, which are 1) waqf development and investment, and 2) the management of the returns on investment (*manfaat waqf*). Waqf assets are cultivated and invested in such a way that they generate financial returns, allowing for the distribution of continuous *manfaat* to the intended beneficiaries.

“We currently focus on two main areas or two key functions, the first part is waqf development and investment - here we develop waqf assets and we reinvest the waqf assets that are productive, so they may create financial returns that can be distributed. Secondly, obviously we have the financial returns of the manfaat. Manfaat has got to be distributed. So these are the two key functions waqf management... firstly, waqf development investment and secondly manfaat distribution.” (C4, Head of Department)

Meanwhile, there are four key areas that form the foundation of Waqaf An-Nur's *manfaat* distribution framework, which are religious affairs, socioeconomic development, social healthcare and general community & welfare. In deciding which key areas to prioritise, Waqaf An-Nur employs a prioritisation process guided by the principles of *maslahah* (Dharuriyyat, Hajjiyyat and Tahsiniyyat,) and *Maqāṣid al-Sharī'ah* (religion, life, intellect, lineage, and property). This process involves a

comprehensive assessment of the societal needs, the urgency of the requirements, and the potential impact on the community. By weighing these factors against the principles of *Maṣlahah* and *Maqāṣid al-Sharī'ah*, Waqaf An-Nur determines where the resources should be channelled to.

“Previously we didn’t have any specific mechanism to determine the weightage for each (key area to prioritise) but only recently when we decided to proceed with Maqāṣid al-Sharī'ah then we also looked into the concept of maslahah. For example, during the pandemic, the bulk of our manfaat distribution actually went for general welfare as opposed to socioeconomic development. But as we move into the endemic phase, that has changed. We are trying to focus more on socioeconomic development that is more sustainable and other parts of the manfaat distribution. To answer that question, we actually use the consideration of maslaha” (C4, Head of Department)

At the initial stage of implementation, a Shariah Policy called Waqaf An-Nur Shariah Governance (TUs-WAN) was drafted and was approved by the Board of Directors in March 2023. Waqaf An-Nur Management will ensure the implementation process is in accordance with the plans of the Shariah & Dakwah Department, through work that is directly monitored by the Shariah Expert Committee, in addition to complying with all the regulations that have been determined by the State Islamic Religious Council of Johor (SIRC-J). This includes ensuring that all existing policies and Standard Operating Procedures (SOPs), as well as all new initiatives, are updated in line with the Shariah Policy (TUs-WAN) in the future. The management will ensure that this Shariah compliancy is adhered to throughout the investment side too, which covers Shares, Real Estate, Ar-Rahnu & Gold Portfolios, as well as Waqf and Investment Initiatives. Figure 4.12 illustrates Waqaf An-Nur’s key functions of waqf asset development and manfaat waqf distribution based on *Maqāṣid al-Sharī'ah* as its foundation.

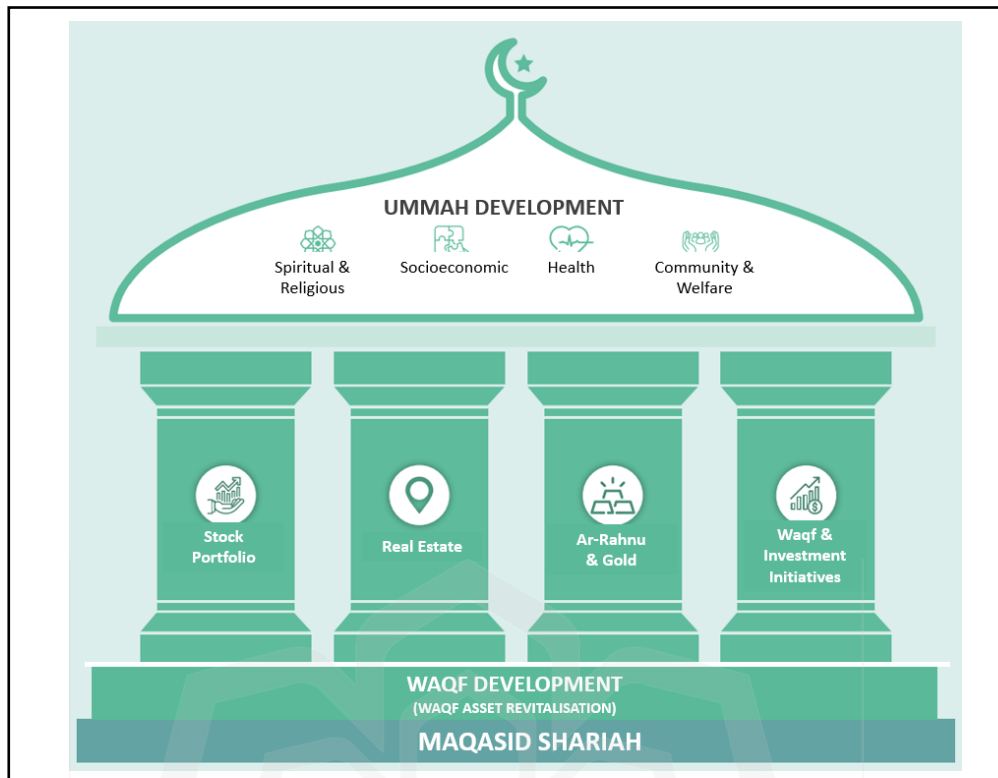


Figure 4.12 Waqaf An-Nur Corporation's Investment & Distribution Focus Based on *Maqāsid al-Sharī'ah*
Source: Waqaf An-Nur

4.4.2.1 *Prioritisation in Waqf Investment and Development*

Waqaf An-Nur's strategy for waqf investment is a cornerstone of its social impact measurement framework. Strategic investments are selected based on their alignment with the four primary areas of *manfaat* distribution, ie. religious affairs, healthcare, socioeconomic development, and general community welfare. Importantly, these investments are chosen not only for their financial returns but also for their direct impact on the four areas.

In the case of waqf development, Waqaf An-Nur assesses market trends, needs and gaps to identify suitable projects. For instance, the decision to start the Ar-Rahnu business (pawnbroking) was due to Waqaf An-Nur's dual objective of generating stable income for Waqaf An-Nur while addressing the need for Islamic financial

inclusivity. Waqaf An-Nur took it upon themselves as Fardu Kifayah, where Waqaf An-Nur recognises its responsibility to act in response to societal needs.

“How we decide on what program to pursue - we take into account the market trends, the gap. For example, the investment in Ar-Rahnu business (pawnbroking) – the reason we entered into the investment was because, first it provides stable income to Waqf An-Nur, and secondly, it is actually to provide Islamic financial inclusivity. We saw that there’s a need to create more platforms or access to Islamic and Shariah-compliant pawnbroking because most of our Muslims actually went to conventional one, so we saw that as Fardu Kifayah, hence the strategic investment into Ar-Rahnu business.” (C4, Head of Department)

4.4.2.2 Waqaf An-Nur Prioritisation in Manfaat Waqf Distribution

Waqaf An-Nur places a strong emphasis on the *manfaat waqf* distribution programs that synergise with its four focus areas. The allocation of resources among these areas is guided by a prioritisation process based on the principles of *maslahah* (Dharuriyyat, Hajiyyat and Tahsiniyyat,) and *Maqāṣid al-Sharī‘ah* (religion, life, intellect, lineage, and property). This process involves a comprehensive assessment of the societal needs, the urgency of the requirements, and the potential impact on the community. By weighing these factors against the principles of *Maṣlahah* and *Maqāṣid al-Sharī‘ah*, Waqaf An-Nur determines where the resources should be channelled to.

“Previously we didn’t have any specific mechanism to determine the weightage for each (key area to prioritise) but only recently when we decided to prioritise Maqāṣid al-Sharī‘ah then we also began to look into the concept of maslahah. For example, during the pandemic, the bulk of our manfaat distribution actually went to general welfare as opposed to socioeconomic development. But as we moved into the endemic phase, that has changed. We are trying to focus more on socioeconomic development that is more sustainable and other parts of the manfaat distribution. To answer that question, we actually use the consideration of maslahah when it comes to prioritisation of manfaat waqf distribution.” (C4, Head of Department)

In 2021, Waqaf An-Nur began to categorise their manfaat distribution projects into two categories: "*Waqf Tali Pancing*" (Fishing Rod Waqf) or "*Waqf Ikan*" (Fish Waqf), signifying the long-term projects or short-term projects. Waqaf An-Nur's preference for socioeconomic programs (as compared to the other three focus areas) is due to the projects under this focus area offer sustainability to beneficiaries and the institution itself. The shift towards empowering socioeconomic condition of the community aligns with the famous saying of teaching one to fish (by providing a fishing rod) rather than simply providing fish. This approach resonates with the Waqaf An-Nur's long-term vision and resource constraints, which limit continuous short-term assistance and internal ability to measure their impact.

4.4.2.3 Measurement of Effectiveness and Impact

Due to the preference for long-term projects and ease in measuring tangible outcomes, Waqaf An-Nur primarily focuses its measurement efforts on projects falling within the socioeconomic focus area. For instance, the Dana Niaga microcredit facilities project undergo pre-application assessments to gauge the income levels of beneficiaries. Subsequently, post-repayment evaluations monitor income changes, providing insight into program effectiveness.

Another example is the vocational training programs that provide the needy with skills-based trainings like hairdressing and sewing. This project falls under the "*Waqf Tali Pancing*" and meant to provide beneficiaries with the necessary skills to sustain themselves in the long run. This project employs a pre- and post-evaluation approach, assessing knowledge acquisition before and after training. Depending on the resources availability, Waqaf An-Nur would follow-up with the participants a few months post training to inquire about their wellbeing and impact of the training to their lives.

During the interview, Waqaf An-Nur also shared their contributions and impact through their Klinik Waqf An-Nur, a key project under the Healthcare focus area which has been under the management of Waqaf An-Nur since their

establishment. Waqaf An-Nur contributes in three ways to this project. Firstly, they make direct contribution in monetary form into the Dana Klinik Waqf An-Nur, which is a special fund for Klinik Waqf An-Nur. They also provide monetary assistance to patients who are in need under the general waqf *manfaat* distribution focus area. Secondly, Waqaf An-Nur offers contribution in-kind to the clinic network in the form of management services, such as managing the financial accounts and licenses. Other operating activities like healthcare staff management and medication are managed by KPJ Healthcare Berhad. Finally, the impact of this clinic initiative is measured by the number of treatments given and number of patients served. Nevertheless, beyond these quantifiable aspects, there are intangible impacts to consider. According to C4, Waqaf An-Nur believes that establishing these clinics within mosque compound has a noteworthy *da'wah* impact. This not only attracts more people to the mosque but also shifts the perception of mosques from being solely religious centres to community centres that welcome non-Muslims too. While these effects cannot be precisely quantified, they are regarded as significant social impacts.

“The methods of measuring must be practical for us. At the same time, it shouldn’t be measuring the tangible impact only, but also the non-tangible impact. What do I mean by the intangible impact? For example, when it comes to religious affairs, mostly what we do is da’wah, right? Through mosques and things like that. If we measure the impact based on the number of reverts or the number of those who get Hidayah, I think it is not practical at all, because we know that Hidayah only belongs to Allah. The measurement of intangible impact shouldn’t be on the impact itself (the act of da’wah), but must be on the process or the initiatives. So that’s why I mentioned the social impact measurement should not just focus on tangible impact but also the non-tangible impact.” (C4, Head of Department)

In general, Waqaf An-Nur uses a variety of methods to evaluate the impact of its programs, including surveys, pre- and post- monitoring and evaluation studies, project reporting and financial statements. It also gathers feedback from the communities it serves to continuously improve its programs and initiatives via interviews and on the ground engagements (subject to resources availability). However, they may not term this measurement as SIM, and they are in the view that it is just matter of terminology.

“We do actually carry out reporting, impact reporting things like that, but if you were to search the term impact in our annual report, there’s only two pages where the term “impact” are used.. because mainly we use the term “manfaat” around here. The term “manfaat” is more directly related (suitable) to waqf, that’s just terminology.” (C4, Head of Department)

4.4.3 The Role of SIM in Fulfilling Waqaf An-Nur’s Accountability

This section delves into the perception of the ability of SIM in fulfilling accountability to stakeholders within the context of waqf organisations. In general, Waqaf An-Nur perceives SIM as an important tool to exert their accountability to stakeholders as the measurement helps them to report their activities more effectively, transparently and with great details.

“Of course, SIM will be able to help organisation to fulfil its accountability to stakeholders. If we have a standard (SIM) report that can be used, that will really help this reporting effectively, transparently, and also in detail.” (C5, Senior Executive)

However, as the interviews went deeper, the interview unravelled a deeper question on the accountability to whom? One of the interviewees, C4, began her answer by emphasising the unique nature of Waqaf An-Nur and the concept of Waqf itself. Waqf, which means "to stop," denotes that once a waqif (donor) makes an endowment in the form of waqf, they relinquish ownership, control, and interest in the asset. This asset is considered dedicated solely to Allah SWT. Consequently, the waqif no longer holds rights or interest in the waqf assets, leaving the responsibility for proper asset management to the mutawalli (manager) and administrator (nazir). Therefore, C4 argued that the nazir and mutawalli are not accountable to report to the waqif since the assets have been dedicated to Allah, and no beneficial ownership remains.

“If you refer accountability as the responsibility to our stakeholders, I think we need to go back to the nature of Waqf institutions and the nature of Waqf. Waqf means to stop. Meaning when a waqif, a donor

makes an endowment in the form of waqf – that’s the point whereby he releases ownership, his control and his interest on the asset. And that would be left all to Allah SWT.” (C4, Head of Department)

Instead, the responsibility for managing these assets falls upon the shoulders of the managers – the nazir, administrators, and mutawalli. They are tasked with ensuring that the assets are managed in a manner that aligns with the intentions of the waqif and the requirements of the waqf deeds. In this context, Waqaf An-Nur stresses that Waqaf An-Nur as a special nazir. is not accountable to report to the waqif because, by making the endowment, the assets have been dedicated to Allah, and the waqif no longer has any legal or beneficial ownership.

“It’s basically upon the managers, the nazir, administrators and the mutawalli to properly manage the assets so that it meets the waqf deeds, the intention of waqif. So in that sense, I think the waqif does not have any rights or interest any longer on the waqf assets, and the mutawalli, the administrator and the nazir are not accountable to report to the waqif because it’s already made waqf - it’s already left to Allah. There’s no right and legal or beneficial ownership by the waqif on that any asset longer. Yet at the same time this nazir and mutawalli, they’ve got to perform their duties to make sure the waqf assets are actually used to meet the waqf deed, whatever the waqif had intended it for.” (C4, Head of Department)

Waqaf An-Nur has a reporting line to the Majlis Agama Islam Johor, or the State Islamic Religious Council of Johor (SIRC-J). For that, Waqaf An-Nur is in the view that their greater accountability is actually to the Council, which is why they reported to them twice a year. On top of that, they are also accountable to the Board of Directors, Fatwa Committee, Shariah Committee, Investment Committee, Tender Committee, Audit & Risk and each individual Project Committee that had been set up to run their respective projects. The basic preparation of Waqaf An-Nur’s financial statement follows the Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards, and the Malaysian Company Act 2016.

4.4.3.1 Purpose of SIM Reporting

Respondent C4 and C2 clarified that while the nazir and mutawalli are not compelled to report to the waqif, reporting and measuring impact would play the following two significant roles:

1. **Governance / organisational efficiency:** Measuring and reporting social impact ensures transparency and fairness in the distribution of *manfaat* (benefits) to the intended beneficiaries. Governance wise, SIM will be able to help directors and members oversee the proper allocation of resources and adherence to the waqf deed's objectives. Data collected for the impact measurement can also be used to enhance organisational efficiency and refine existing projects. This aspect aligns with the overall objective of Waqaf An-Nur to improve the effectiveness of waqf.
2. **Marketing and Trust-Building:** The second key purpose of SIM is for marketing and trust-building. Given how underestimated and undervalued waqf is among the society, SIM can be a means of showcasing the positive impact of waqf and creating awareness. It helps build trust among existing waqif and prospective donors, fostering confidence in the institution's ability to fulfill its mission. On top of that, Waqaf An-Nur needs to garner continuous trust from the Johor SIRC, government agencies and other commercial institutions to continue their support and collaborations for waqf development.

“We need the trust from the administrator or Majlis Agama Islam Council to keep our Waqaf An-Nur position as mutawalli and special nazir. So we need the data to convince the government and their agencies to continue the support in the waqf development and agenda, and then we need trust from existing and prospective waqif, individual and institutional to grow the assets, but at the same time we also have a role to catalyse the development of waqf industry.” (C4, Head of Department)

In conclusion, the perception provided by the interviewee highlights the intricate dynamics of accountability in Waqf institutions. While the waqf no longer retains direct rights over waqf assets, reporting remains integral for governance and marketing purposes. It ensures that waqf organisations maintain transparent, and ultimately facilitates the fulfilment of their objectives and the growth of the waqf sector in Malaysia.

4.4.4 The Challenges Faced by Waqaf An-Nur When Measuring Social Impact

During the interview, Waqaf An-Nur outlined the challenges faced by them in the realm of social impact measurement. As an organisation dedicated to the management of waqf and social initiatives, Waqaf An-Nur encounters several hurdles in effectively measuring and assessing the impact of its endeavours.

The first significant challenge identified by Waqaf An-Nur is the absence of a standardised impact measurement framework and guidelines. While the organisation has clear objectives aligned with its mission, it faces difficulties in ensuring that its impact is not only met but also widely recognised and understood by the industry. The fundamental challenge of this struggle lies in the absence for a framework that incorporates the Islamic component, specifically *Maqāṣid al-Sharī'ah*, as stipulated in Waqaf An-Nur's Memorandum and Articles of Association (M&A). A key issue arises from the fact that conventional frameworks, such as the Sustainable Development Goals (SDG) or Environmental, Social, and Governance (ESG) metrics, do not comprehensively cover the Islamic principles embodied in *Maqāṣid al-Sharī'ah*. Waqaf An-Nur recognises the importance of educating its stakeholders about *Maqāṣid al-Sharī'ah*, as this is central to its mission.

The second challenge faced by Waqaf An-Nur is the lack of its internal capacity to measure social impact effectively. Waqaf An-Nur acknowledges that conducting SIM entails additional costs and resources. Given that Waqaf An-Nur's Distribution team already operates as a cost centre, expanding the scope of work to closely monitor impact requires additional manpower, logistical resources, and

financial allocation. This presents a significant hindrance to the organisation's efforts in measuring impact.

The third challenge revolves around the lack of human capital capability to analyse and conduct SIM. There is a pressing need for specialists or experts who know of the methods to measure impact effectively and may develop practical measurement frameworks while comprehending the intricacies of waqf and Islamic social finance. According to respondent C1, one of their main challenges in SIM is identifying what method to use in 1) collecting data and 2) measuring impact. Data collection becomes difficult when beneficiaries are not responsive to their calls, text messages and emails. Meanwhile, measuring impact for the projects under the “*Waqf Ikan*” category, has been tricky for Waqaf An-Nur. For example, when mosques or schools request for one-off funds to help them build classes or provide air-conditioners, Waqaf An-Nur does not go to the extent of measuring what the impact of those classes and air-conditioners to their comfort and ability to learn, which is non-tangible as mentioned by respondent C4 in Section 4.4.2.3 earlier. Therefore, having the right experts and human capital capabilities would play a crucial role in strategising and continuously improving Waqaf An-Nur's programmes to enhance organisational efficiency and promote waqf and Waqf Annur effectively.

4.4.4.1 Overcoming the Challenges Identified

Overcoming the challenges outlined in Section 4.4.5 will require a concerted effort from Waqaf An-Nur and its stakeholders to develop and implement comprehensive, practical, and Shariah-compliant SIM practices that align with its mission and values. During the interview, Waqaf An-Nur provided some recommendations to tackle the challenges it faces in the field of SIM. These recommendations are aimed at addressing specific obstacles and enhancing Waqaf An-Nur's effectiveness in measuring and improving its social impact.

First of all, Waqaf An-Nur recommends the establishment of a standardised and clear framework and guidelines for SIM. This framework should align with Waqaf An-Nur's mission while being widely recognised by its stakeholders. However,

Waqaf An-Nur emphasises that the framework or guidelines should not be developed solely by the Waqaf An-Nur itself. Instead, they should first be introduced and implemented at the regulator or the waqf administrator level such as the State Islamic Religious Councils around the country to reporting the same data in different formats.

“All of them (ESG, SDG, Maqasid), of course. But I must say that what's ideal is to have only one single impact measurement framework, as supposed to having to report the same data, just in different terms or different languages or different categories. That's simply not practical for us, and not efficient.” (C4, Head of Department)

This approach ensures consistency across all waqf institutions and enables the collection of meaningful and impactful data. With this standardised and acceptable framework in place, Waqaf An-Nur can focus on key metrics to measure and monitor, while facilitating program improvements.

Secondly, Waqaf An-Nur recommends the establishment of practical and efficient standard operating procedures (SOPs) and data collection methods. Given the limitations of its current capacity, Waqaf An-Nur acknowledges the need for collaboration with partners who have access to relevant data and appropriate technology for impact measurement and data collection. For example, Waqaf An-Nur shared about its collaboration with the Employees Provident Fund (EPF) to enhance its microcredit facility, Dana Niaga. Under this collaboration, individuals taking up the Dana Niaga facility are required to open an iSuri or iSaraan account with EPF. This integration allows Waqaf An-Nur to leverage on EPF's access to data, and therefore streamlining the impact measurement process.

Thirdly, Waqaf An-Nur recommends the establishment of a dedicated and capable team. Additionally, Waqaf An-Nur suggests exploring the potential use of human social capital through volunteers and leveraging technology and systems to support impact measurement efforts. However, Waqaf An-Nur recognises that these initiatives require budget allocation. Therefore, Waqaf An-Nur suggests that the government could potentially provide incentives in the form of grants or awards to

make it more attractive for organisations like Waqaf An-Nur to adopt SIM in its operation and reporting.

4.5 ARBA FOUNDATION WAQF (L) INTERNATIONAL

4.5.1 Overview of the Organisation

ARBA International Waqf (L) Foundation (ARBA) is a registered public foundation in the Federal Territory of Labuan under the Labuan Islamic Financial Services Securities Act 2010. As an International Waqf Foundation, ARBA has the mandate to crowdfund from the public and be involved with waqf-based projects. At the moment, due to it being new and still at an infancy stage, ARBA adopts the crowdfunding method in order to raise funds to achieve its mission of breaking the poverty cycle in one generation with a focus on children in poverty. In the long run, waqf-based projects could be introduced that not only fulfils the Shariah principles, but also in line with its mission.

ARBA is a foundation that works to empower the world of philanthropy and welfare with data and technology to produce the highest social impact. They do this by empowering children to escape poverty through a long-term commitment to the families they work with. Together with their collaborators, they design and execute interventions according to the multidimensional poverty framework, focusing primarily on health, education, and well-being.

One of its notable projects is the “*Projek Susu Ibu*” which aims at solving the problems lack of awareness of healthy eating habits and poverty, especially among children. According to the UNICEF report (2019), one in five children in Malaysia suffer from stunting and malnutrition due to poverty. This affects the growth of their brain and body, and later difficulty learning in school. Some babies from poor families have been given diluted sweetened condensed milk and tea, while studies have shown that breast milk is not only the best food formulation for babies up to 6 months old, but also the first defensive wall before the baby gets complete immunisation. After discussing and getting input from doctors, breastfeeding experts, breastfeeding

counselling associations, health nutritionists, and community activists working with the poor full time, “*Projek Susu Ibu*” was introduced to offer breastfeeding guidance from certified lactation counsellor as well as healthy food assistance for the child for the first 6 months of life.

Other projects by ARBA are “Nadi”, an unconditional monthly cash assistance to struggling families; “Adwira”, an initiative to connect poor children to those who can develop their talents; and “Teroka”, a programme designed to allow children and family to spend time together, make memories by travelling as family, explore new places and spark dreams toward endless possibilities in life.

In addition to the above, ARBA also focuses on activities that provide support in the form of entrepreneurship management training, and data and technology infrastructure to non-governmental organisations (NGOs), social entrepreneurship companies and small and medium enterprises, and giving public talks to create awareness. The founders, council members and management team of ARBA Foundation comprised of corporate figures and those with experience in various professional, entrepreneurial, and philanthropic fields.

4.5.2 The Mechanisms Used by ARBA Foundation to Measure Impact

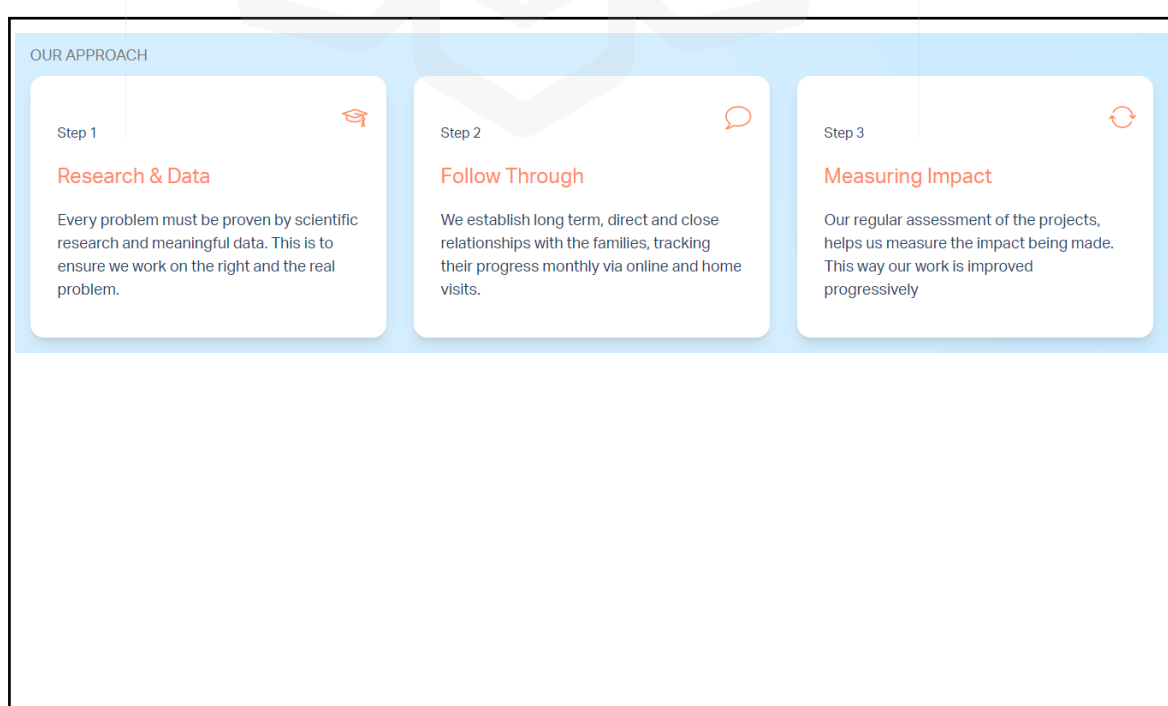




Figure 4.13 Model adopted by ARBA Foundation
 Source: ARBA Foundation's website

Figure 4.13 summarises the model which ARBA adopts. Their projects are based on data analysis and research. This helps the root of the problem to be accurately identified and the project introduced to suit the socio-culture of the local community.

“Our mantra is that we always listen to the data and believe in the data. So there is not a single project that we do is based on assumption. We always communicate with our stakeholders and beneficiaries to understand their needs and develop a long-term relationship with the families.” (D1, Top Management)

To realise the planned project, digital fundraising platform (*dana* in Figure 4.6) was developed for the purpose of raising funds from the general public, government institutions, business entities, local & international corporate sectors. Some of ARBA’s projects are mobilised in collaboration with research institutions such as universities and local community organisations, government agencies, and media partners with a focus on social impact. They measure the impact through data collection, analysis and monthly progress evaluations.

ARBA has actively embraced social impact measurement and has already produced two impact reports, ie. For year 2019-2021 and 2022. They have the flexibility to choose their reporting methods as long as they are well-justified and supported by research, consistent with the organisation's guiding principles. Their current data collection method, which relies heavily on interviews and close

monitoring and relationship with the beneficiaries, is resource intensive. However, this method is preferred as continuous direct conversations with beneficiaries often help them decide the next course of action that benefit the beneficiaries in the long run. The relatively small number of beneficiaries also enable this method of communications possible for the small team of ARBA. On top of that, since their main channel of communication with the donors is through social media, the sharing of real stories ensures accountability to the donors which in turn, helps raise funds too.

ARBA is moving in the right direction of impact measurement through its website and publication of impact reports. Although the first report was very brief and lacks depth, the second report for year 2022 has shown so many more depths and quality of impact reporting, using both data presentation and storytelling. They are conscious about being honest about their efforts and experience in trying to meet the mission of eradicating poverty, which is why all the lessons learnt are captured and reported in the Impact Report.

The report also categorised their projects into two categories, which are short-term projects and long-term projects. This distinction helps them recognised that some projects would take time for the impacts to surface, while some other projects are short-term in nature and therefore its impact can only be measured at the output level. Some of the examples of these short-term projects include on-off donations and help during natural disaster like flood and Ramadhan infaq. Despite having these two categories of projects, respondent D1 reiterated that their priority and main focus will be on the long-term projects.

“These four projects are long term, there are also many short-term ones like breakfasting in Ramadhan, flood relief, but we are moving away from that. We will only focus on the long-term ones. Occasionally when there is a need, we will do a one-off program.” (D1, Top Management)

Based on the interview and observation, there are a few reasons as to why ARBA is able to measure social impact. First of all, it is the due to the organisation’s emphasis on research and purposeful programme implementation. Every decision made in the organisation is backed by data or research. Impact measurement is an

important data that they collect and analysed to make strategic decisions. SIM provides data and insights to assess the success of various initiatives, programs, and projects. This information can guide strategic planning, resource allocation, and continuous improvement efforts. By identifying successful practices and areas for improvement, ARBA can make evidence-based decisions that maximise the social return of the donations received.

Secondly, it is due to ARBA's the straightforward and flat organisation structure. There is no strict and unnecessary bureaucracy that prevents the team from moving with the trend of impact measurement the moment they saw appropriate. As a team, they often discuss and exchange ideas on how to move forward.

“Every now and then, we will sit down together and discuss the issues in hand. Any news is updated to all team members. We will share relevant research papers and articles for all of us to reflect and have a discussion on. We navigate through the challenges together as a team.”
(DI, Top Management)

Finally, the ability to measure impact by ARBA is also influenced by their collaboration and engagement with experts. ARBA makes efforts to collaborate with experts from academia and industry in designing the programmes that will help them meet their objectives. For SIM, the organisation engages experts from academia to enhance their SIM. Though the framework is still in its infancy, the collaboration helps to keep them up-to-date on the latest way of measuring impact effectively, as well as leveraging on each other's strengths and capacity. For example, for the Project Susu Ibu, Universiti Sains Malaysia (USM) as a collaborator, is in charge of doing the paper, research and report. They also actively conduct trainings to breastfeeding counsellors and meet the beneficiaries of this programme.

4.5.3 The Role of SIM in Fulfilling ARBA Foundation's Accountability

This section delves into the perception of the ability of SIM in fulfilling accountability to stakeholders within the context of waqf organisations. First of all, ARBA perceives SIM as a valuable tool for communicating their achievements and the impact they

create, particularly to their donors and stakeholders. They leverage on the power of social media to engage with potential donors and share insights into how the funds are utilised. Their online content is carefully curated to not only appeal to the emotions of the readers, but also to raise awareness about the issue of poverty, ultimately promoting transparency and accountability while allowing stakeholders to evaluate the organisation's performance.

Secondly, for ARBA, the drive to measure impact is not solely an external requirement but is fuelled by their innate curiosity to assess the effectiveness of their programs. They view SIM as an internal reflection tool, a means to put their assumptions to the test and gauge the relevance of these assumptions in realising their social mission.

“Impact measurement is driven by our own curiosity to know whatever we work on have impact or not. We do not want to keep doing something without knowing if they are good or not.” (D1, Top Management)

In this light, accountability is not just about answering to external parties; it's about answering to themselves. ARBA's commitment lies in ensuring that every donated dollar is put to meaningful use. SIM empowers them to refine and implement programs that are not only impactful but also sustainable in the long term.

“Of course every single ringgit donated, it is our accountability to make sure it is not misused in any way” (D1, Top Management)

4.5.4 The Challenges Faced by ARBA Foundation When Measuring Social Impact

ARBA faces several significant challenges that require thoughtful consideration and strategic planning. One of the primary hurdles they encounter is the absence of a well-defined and reliable impact measurement template or framework. Currently, they lack a benchmark to evaluate the effectiveness of their activities accurately. The reports they have come across so far vary widely, ranging from simple reports that merely celebrate minor achievements (focusing on outputs) to more comprehensive reports

that demand considerable time and effort to capture and measure their true impact. This makes it difficult for them to emulate and adopt within their organisation.

It's worth noting that the time-consuming nature of impact measurement poses a considerable challenge, as ARBA strives to demonstrate the significance of their work amidst the expectations and perceptions of their followers and supporters. ARBA's adoption of multi-dimensional approaches adds a layer of complexity to its theory of change and operational strategy. This complexity naturally entails the need for a longer timeframe to effectively measure the impact, a reality often encountered when addressing intricate issues like poverty.

Additionally, ARBA faces a scaling challenge. While they currently operate as a cohesive team, the need to expand and enhance their impact measurement and research efforts may necessitate the establishment of a dedicated team sometime in the future. This transition could potentially be supported through a waqf contribution in kind, offering a creative solution to their scaling challenge. For example, a team of volunteers who dedicate their time and expertise with ARBA as a form of waqf.

However, ARBA embraces these challenges as opportunities for growth. They are committed to taking a proactive approach, resolving issues independently, and navigating through any obstacles they encounter. Rather than concealing mistakes, they view them as valuable learning experiences and make a conscious effort to confront them transparently, without sugarcoating the realities they face. This learning journey is also shared in ARBA's Impact Report 2022. This commitment to continuous improvement and transparency reflects ARBA's dedication to making a meaningful impact in their field.

4.6 COMMON VARIABLES AND INDICATORS FOR SIM FRAMEWORK

This section discusses the response from the four waqf organisations interviewed with regards to their preferred metrics for the SIM framework. The response has been mixed between combining multiple frameworks and only focusing on one framework as a basis.

A1 and D1 are both of the opinion that there is need to merge between Sustainable Development Goals (SDG) and *Maqāṣid al-Sharī'ah*. The programs under their respective organisations are currently indeed moving towards the direction of both SDG and *Maqāṣid al-Sharī'ah*. By combining the two, the indicators derived would most likely be relevant and applicable to waqf as an Islamic social finance product. This way, it can prevent the society to view waqf from a merely and solely religious tool, but also relevant in solving today's socioeconomic problems.

“This waqf should not be seen only for religious activities, we should realise that the waqf asset or cash waqf is not only for the mosque, right? But it also should be to enhance the quality of life, economy, education and health issues, right? I see that most of the waqf projects we implement in Malaysia are more skewed towards religious purposes” (A1, Top Management)

While A4 supports the harmonisation of SDG and *Maqāṣid al-Sharī'ah*, she also recommends for the local government policies to be given a consideration too, like the Shared Prosperity Vision 2030 (*Wawasan Kemakmuran Bersama*) and the Malaysia's National Fourth Industrial Revolution (4IR) Policy. According to A4, this is crucial to ensure that the selection of waqf projects is relevant to the local needs and development.

Generally, while all respondents agree that Sustainable Development Goals (SDG) and Environmental, Social, and Governance (ESG) are good basis to the form the SIM framework, they also agree that *Maqāṣid al-Sharī'ah* is the best and most comprehensive framework that waqf organisations, a religious based organisation, should refer to and prioritise. Conventional frameworks such as SDG and ESG metrics, do not comprehensively cover the Islamic principles embodied in *Maqāṣid al-Sharī'ah*, and are not timeless and applicable across time like *Maqāṣid al-Sharī'ah*.

“The five variables of Maqāṣid al-Sharī'ah are applicable across any point in time, unlike SDG is only aiming for until 2030. We can use the same measurement for the next hundred years and this is more suitable to a Waqf institution because it is managing an asset that goes into perpetuity... The scope of Maqāṣid al-Sharī'ah is also even more holistic than SDG, it covers the utmost priority in Islam, which is to

protect the religion, so this is not something that we can find in the SDG.” (C4, Head of Department)

Another reason why Waqaf An-Nur also believes in prioritising *Maqāṣid al-Sharī‘ah* as a framework for SIM is due to the flexibility of *Maqāṣid al-Sharī‘ah* in taking into account today’s *maṣlaḥah*.

“Maqāṣid al-Sharī‘ah is more flexible as supposed to SDG. We can use the same framework and we somehow suit it to meet today’s requirements and scenario, (making it) relevant across all times.” (C4, Head of Department)

According to C3, for the first time since Waqaf An-Nur’s inception, a Shariah Department has recently been established. This helps them to ensure all investments, activities and asset developments under the purview of Waqaf An-Nur meet the *Maqāṣid al-Sharī‘ah*. For the 2022 Annual Report, an element of Maqasid would be included in their reporting. Similarly, for PWS, they acknowledge the public’s perception on waqf so the programmes that they design or participate in are mostly based on the *Maqāṣid al-Sharī‘ah*, focusing on religious activities like masjid, religious schools and others.

4.7 SUMMARY OF FINDINGS

RQ1: What are the mechanisms currently used by the waqf organisation to measure their impact?

Table 4.8 Summary of Findings for RQ1

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
Mandates 1. Cash waqf	Mandates 1. Cash 2. Real estate / property	Mandates 1. Develop and invest in waqf assets 2. Manage waqf returns	Mandates 1. Cash collected from crowdfunding
Key Focus Areas: 1. Health 2. Education	Key Focus Areas: 1. Religious affairs	Key Focus Areas: 1. Religious affairs 2. Healthcare	Key Focus Areas: 1. Health 2. Education

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
<ul style="list-style-type: none"> 3. Environment 4. Economic empowerment 	<ul style="list-style-type: none"> 2. Human basic needs (education, life, socioeconomic needs, preservation of wealth) 	<ul style="list-style-type: none"> 3. Socioeconomic development 4. Community welfare 	<ul style="list-style-type: none"> 3. Well-being
<p>Process/Activities</p> <ul style="list-style-type: none"> 1. Malaysian Cash Waqf System (database for cash waqf) 2. Collaborations with SIRC's and corporations 3. Evaluation of applications for assistance 4. Present to internal committees such as Shariah Committee, Investment & Finance Committee, Audit Committee, Management Committee and BOD. 	<p>Process/Activities</p> <ul style="list-style-type: none"> 1. Geographic Information System (GIS) to record, manage & monitor waqf properties & real estate. 2. Internal reporting to the board which includes management report, status report, financial and project reporting. 3. Success is defined by the amount of waqf collected. This shows PWS views its impact through the lens of financial sustainability and growth. 	<p>Process/Activities</p> <ul style="list-style-type: none"> 1. Mandates are in developing and invest in waqf assets, and managing waqf returns. 2. Projects are divided into two categories – long term projects and short-term. 3. In deciding which key areas to prioritise, Waqaf An-Nur employs a prioritisation process guided by the principles of <i>maslahah</i> and <i>Maqāsid al-Sharī'ah</i>. 	<p>Process/Activities</p> <ul style="list-style-type: none"> 1. Multi-dimensional programmes based on research. 2. Projects are divided into two categories – long term projects and short-term.
<p>Reporting output</p> <ul style="list-style-type: none"> 1. Annual report reporting on financial statements, collection, distribution, and activities. 2. Annual Distribution Report (Laporan Program) 	<p>Reporting output</p> <ul style="list-style-type: none"> 1. 10-year report (sedekad) from 2011-2021 covering financial statements, collection, distribution, and activities. 2. Annual report for 2018 and 2019. 	<p>Reporting output</p> <ul style="list-style-type: none"> 1. Annual report to include the development for waqf and development for the Ummah. 	<p>Reporting output</p> <ul style="list-style-type: none"> 1. Audited Financial Report 2. Impact report for 2019-2021 and 2022

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
Agihan)	3. Waqf reporting is mentioned under the MAIS report, which includes all activities under the purview of MAIS including zakat.		
<p>Data collection methods Three types of data are collected: collection, distribution and manfaat waqf (projects)</p> <ol style="list-style-type: none"> 1. Financial statements 2. Moveable Waqf Assets Monitoring Report 3. Interview (face-to-face, phone call, text messages) 4. Project reporting: pre- and post-monitoring and evaluation studies 5. Monitoring and Verification Visits (<i>Lawatan Pemantauan dan Verifikasi</i>) 	<p>Data collection methods Three types of data are collected: collection, distribution and manfaat waqf (projects)</p> <ol style="list-style-type: none"> 1. Financial statements 2. Field trips 3. Interview 4. Project reporting 	<p>Data collection methods Three types of data are collected: collection, distribution and manfaat waqf (projects)</p> <ol style="list-style-type: none"> 1. Financial statements 2. Project reporting: pre- and post-monitoring and evaluation studies 3. Surveys 4. Interviews 5. Roadshow (face-to-face engagements) 	<p>Data collection methods Three types of data are collected: collection, distribution and manfaat waqf (projects)</p> <ol style="list-style-type: none"> 1. Financial statements 2. Analysis and monthly progress evaluation 3. Project evaluation 4. Interviews and constant communication

RQ2: What is the perception of waqf players with regards to the role of SIM in fulfilling accountability?

Table 4.9 Summary of Findings for RQ2

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
<ol style="list-style-type: none"> 1. SIM helps to fulfil accountability to internal and external stakeholders. 2. High transparency in impact will attract higher contributions by high-net-worth individuals and big corporations to participate in waqf (accountability to donors) 3. However, SIM is not a necessity at this juncture. It is considered as “tahsiniyyat” (refinement or perfection) of existing measurement and reporting. 4. Current tool of internal accountability includes the periodic reporting to the following committees: Shariah Committee, Investment & Finance Committee, Audit Committee, Management Committee and Board of Directors 	<ol style="list-style-type: none"> 1. SIM is a tool of accountability to the public and religious authorities. 2. But more than that, it is perceived as important to gain trust and encourage people to participate in waqf more. 	<ol style="list-style-type: none"> 1. Primary accountability to Majlis Agama Negeri Johor, not donors. 2. SIM is seen as a tool to strengthen governance, increase operational efficiency and to build trust via effective marketing and assurance (indirectly related to accountability) 3. SIM helps measure organisational efficiency, so the data can be used to improve their programmes. 	<ol style="list-style-type: none"> 1. SIM is perceived as a tool for learning and reflection. Accountability is a product of the learning and reflection activities. 2. To make sure every donated amount is accounted for.

RQ3: What are the challenges faced when capturing social impact?

Table 4.10 Summary of Findings for RQ3

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
Challenges			
<ol style="list-style-type: none"> 1. Lack of knowledge and understanding of impact measurement concept among staff and general public. 2. Shortage of expertise in guiding the process of impact measurement 3. Inadequate training for staff. 4. Limitation in financial budget. 	<ol style="list-style-type: none"> 1. Inadequate human resources and time. 2. Financial constraint – PWS is expected to be sustainable on its own by 2025 but still struggling. 3. Outdated and non-integrated technological system. 4. Perception and understanding of the people on impact measurement. 5. Laws and state legality matters. 	<ol style="list-style-type: none"> 1. Limitation in time and manpower 2. Lack of standard impact measurement framework guideline and methods to measure impact, especially for long-term projects and for non-tangible impact. 3. Lack of internal capacity to measure (cost) 4. Lack of human capital capability 	<ol style="list-style-type: none"> 1. The absence of a well-defined and reliable impact measurement template or framework. 2. Time consuming to measure impact. 3. Hard to scale up (due to limited expertise and human resources).
Solutions			
<ol style="list-style-type: none"> 1. Clear framework guidelines by regulators that can be used by all waqf organisations. 2. Practical and efficient data collection method 3. Additional resources (staff and financial) 	<ol style="list-style-type: none"> 1. Knowledge and awareness on SIM to the public. 2. Training to staff 3. Hiring capable team members 4. Collaborative efforts between academia, lawmakers and PWS. 5. Increase budget. 6. Technology and automation 	<ol style="list-style-type: none"> 1. To establish a clear framework or guideline that meet their organisational role, recognisable by their stakeholders, clear and practical. 2. To have a practical and efficient standard of measurement and data collection method. 3. To partner and collaborate with partners that have access to the right data and technology in order to facilitate 	<ol style="list-style-type: none"> 1. A reliable SIM template or framework. 2. Waqf contribution in kind instead of cash, eg. A team of volunteers who dedicate their time and expertise with ARBA.

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
		<p>the impact data collection and measurement.</p> <p>4. To have additional resources including a dedicated and capable team, information system and technology, financial, human social capital.</p> <p>5. Government to introduce incentives and grant to attract organisations to measure impact.</p>	

Additional findings that help to meet RO4: What are the variables that can be integrated into the SIM framework for waqf organisations? (Additional information that helps with the development of SIM Framework)

The information shared here are some of additional findings captured during the interview sessions with all the waqf organisations, particularly on the relevant framework or policies that waqf organisations could refer to when designing the indicators for their SIM.

Table 4.11 Summary of Relevant Reference for Development of SIM Framework

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
<ol style="list-style-type: none"> 1. SDG 2. ESG 3. <i>Maqāṣid al-Sharī'ah</i> 4. Shared Prosperity Vision 2030 (Wawasan Kemakmuran Bersama) 5. Malaysia's National Fourth Industrial Revolution (4IR) Policy (4 & 5 are crucial to 	<ol style="list-style-type: none"> 1. <i>Maqāṣid al-Sharī'ah</i> 	<ol style="list-style-type: none"> 1. Prioritise <i>Maqāṣid al-Sharī'ah</i> because it is timeless and most comprehensive. 	<ol style="list-style-type: none"> 1. There isn't any framework or benchmark that can be replicated, but <i>Maqāṣid al-Sharī'ah</i> is

<i>ensure relevancy to the local needs and goals)</i>			a good start.
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4.8 CHAPTER SUMMARY

This chapter presented the findings of the data collection from the documents analysis and interviews with four waqf organisations in Malaysia. The chapter discussed the background, objectives, functions, products, and activities of each organisation, as well as their current practices and challenges in measuring and reporting social impact. Despite these hurdles, the chapter highlights the crucial role of SIM in ensuring accountability to various stakeholders, including to Allah, donors, beneficiaries, trustees, managers, and regulatory bodies. The chapter also explored the perceptions and preferences of the interviewees regarding the variables and indicators that can be integrated into a social impact measurement (SIM) framework for waqf organisations.

The findings of this chapter revealed that the waqf organisations have common yet different approaches and levels of sophistication in measuring and reporting social impact. While some organisations have already produced quasi-impact reports and adopted various frameworks and tools, others are still in the early stages of developing their SIM capabilities. The findings also showed that the organisations face various challenges in implementing SIM, such as lack of expertise, resources, data, and standardisation. The findings also indicated that the organisations have different opinions on the variables and indicators that can be used for SIM, but they generally agree that *Maqāṣid al-Sharī'ah* is suitable and comprehensive to be included into a SIM framework for waqf organisations. The findings of this chapter provide valuable insights for the development of a SIM framework for waqf and Islamic Social Finance organisations, which will be discussed in the next chapter.

CHAPTER FIVE

ANALYSIS AND DISCUSSION OF FINDINGS

5.1 INTRODUCTION

This chapter provides a deeper discussion of the findings, focusing on a thorough analysis of the similarities and differences observed across the four cases. The discussions are structured around the research objectives, namely the current SIM practices, perceptions of accountability, and challenges faced in implementing SIM. The aim here is to examine deeply into the nuances of these findings, shedding light on their significance. By doing so, the chapter aims to present a compelling argument about the importance of these findings, offering interpretations that have implications for both academic discourse and practical application in the field. To achieve this, the chapter compares the obtained findings with the existing body of literature. This comparative analysis serves a critical purpose: it allows for the study to validate, challenge, and expand upon the current understanding within the academic realm. By placing the findings in the context of what is already known, the study can affirm where the research aligns with existing knowledge, where it introduces new insights, and where it might challenge previously held assumptions. The concluding section of this chapter presents the final proposed SIM framework derived from the study's extensive analysis. This framework, grounded in the empirical data and contextualised within the existing literature, encapsulates the essence of the study's research findings.

5.2 ANALYSIS AND DISCUSSION

The table below outlines the significant themes that emerged from the study. The themes are supported by the research objectives.

Table 5.1 Discussion on Findings

	Research Objective 1	Research Objective 2	Research Objective 3
	<i>Current SIM mechanism</i>	<i>Perception of SIM as a tool of accountability</i>	<i>Issues and Challenges</i>
Significant Discussion Points / Themes	<ul style="list-style-type: none"> • Organisational goal and key focus areas • Impact measurement methods 	<ul style="list-style-type: none"> • A tool of accountability • A tool to build trust and reputation. • Learning and reflection - the foundation of accountability • A tool to strengthen governance 	<ul style="list-style-type: none"> • Limited human resources and expertise • Financial constraint • Absence of standardised SIM framework • Legal & Regulations • Public perception on waqf
Research Objective 4: Proposal of SIM Framework for Waqf Organisations			

5.3 RESEARCH OBJECTIVE ONE: TO EXPLORE THE CURRENT MECHANISM TO MEASURE SOCIAL IMPACT

This section explores the mechanisms currently used by the waqf organisations in Malaysia to measure the social impact. After interviewing the waqf experts and leaders from the four organisations and analysing various reports and websites related to the waqf organisations, several aspects of impact measurement are highlighted in this section. It is also important to note that even if the respondents did not mention SIM per se, it is important for the researcher to dissect through their response to analyse the SIM mechanism currently adopted by them. The discussion on the findings is as follows:

5.3.1 Organisational Goals and Key Focus Areas

In assessing the mechanism that the waqf organisations use to measure their impact, it is important to first begin by understanding the goals and key focus areas of the organisations. This is because SIM validates an organisation's impact and helps document the "change" in a systematic way by linking the outcome to the intended change based on the objectives of the social programmes or the vision of the organisation.

In measuring social impact in any organisation, it is imperative to be clear with the goal of the organisation in order to identify the right beneficiaries, develop programs that address their needs, monitor and assess progress and outcomes, communicate value and impact to stakeholders, draw lessons from successes and failures, and continuously enhance performance and impact over time. All of this requires a clear goal that acts as an anchor that provides clarity on the priorities related to the social impact that the organisation seeks to achieve. Without a clear goal, it becomes challenging to define and measure the outcomes that indicate progress towards the social mission (Ebrahim, 2019). Besides that, organisational goal clarity has proven to show positive perceived benefit of efficiency and effectiveness (Ahmad & Rehman, 2016).

Epstein and Yuthas (2014) found that many nonprofit organisations are not effectively tracking data related to their missions. This data gap prevented them from assessing their achievements, learning from their experiences, and using that knowledge to ensure efforts are made to achieve their missions. As seen in

Table 5.2, YWM, PWS and Waqaf An-Nur have elaborated vision, mission, and objectives.

Ideally, the mission should be concise and include an action, a target population, and a target outcome (Epstein & Yuthas, 2014). In this study, only ARBA meets the definition of a good mission statement, which is to help children escape the

poverty cycle in one generation. This statement clarifies the action: *to break the poverty cycle*; the served population: *children*; and outcome: *within one generation cycle*. However, this does not mean that the other organisations will not be able to measure impact effectively. All they need to do is to operationalise the mission accordingly, or design their ToC according to the specific mission. This means, each organisation could have multiple ToC for different impact they wish to achieve.

From another perspective, Osman (2012) emphasises on values-based mission statement. In any organisation, especially values-based ones like TSOs, the mission statement should mirror the organisation's principles and guide its actions. Even more so for faith based TSOs like waqf organisations, the mission and goal should not only reflect Islamic values but also a deep sense of accountability. In the holistic accountability theory, “felt accountability” often refers to the internal sense of responsibility towards an organisation’s vision, mission, and values (Ainol-Basirah & Siti-Nabiha, 2022). Considering waqf is an organisation rooted in religion and charity, the drive to be accountable may emerge strongly from within rather than from external factors. From this perspective, the elaborated vision, mission and objectives of YWM, PWS, and Waqaf An-Nur fulfil that. They just need to be communicated clearly and linked to the waqf projects accordingly.

Table 5.2 The Vision, Mission, and Objectives of the Waqf Organisations

Organisation	Vision	Mission	Objectives
YWM	To become a leader in waqf development in Malaysia.	<ol style="list-style-type: none"> 1. To utilise the waqf mechanism in alignment with the <i>Maqāsid al-Sharī'ah</i> and to benefit the universal Ummah. 2. To set a precedent in waqf development 	<ol style="list-style-type: none"> 1. To develop and advance waqf properties nationwide in collaboration with SIRC. 2. To promote the development of waqf assets and the properties of Muslims for charitable purposes, encompassing four key areas which are economic, educational, social, and welfare-oriented activities. 3. To generate capital through contemporary and innovative methods that fully utilise the

Organisation	Vision	Mission	Objectives
		<p>that can serve as a global reference.</p> <p>3. To maximise the potential of existing waqf properties while minimising undeveloped ones</p>	<p>waqf returns.</p> <p>4. To address socio-economic inequality progressively and productively among Muslims, with a special focus on reducing the poverty gap.</p> <p>5. To fulfil the trust given by the waqf donors for an efficient and effective management of waqf resources.</p>
PWS	<p>To honour the honourable Waqf Institutions based on Al-Quran, Al-Hadith, and Shariah law.</p>	<p>To grow with the Ummah through the cultivation of waqf in catalysing the development of Islam from economic and social aspects.</p>	<p>1. To cultivate and facilitate the practice of waqf in a systematic and effective manner through various waqf products.</p> <p>2. To ensure continuous benefits from waqf by developing and increasing the value of waqf properties, expanding waqf investments in the economic field, and promoting social development for the well-being of the Ummah.</p> <p>3. To establish PWS as a sustainable, reliable, and effective Waqf Institution.</p>
Waqaf An-Nur	<p>To be a sustainable and professional waqf institution that empowers the economics of society</p>	<p>To develop the waqf institution professionally through innovation, creating business and managing the strategic asset productively and bringing wellness for future generation through waqf</p>	<p>1. To implement and instil Islamic values in the management and administration.</p> <p>2. To conduct research on contemporary methods and make recommendations that are in line with the objectives of an Islamic corporate organisation.</p> <p>3. To coordinate and manage the operation of Klinik Waqaf An-Nur and its branches and to ensure the goal of providing health facilities and dialysis.</p> <p>4. To plan and coordinate all religious activities and instil</p>

Organisation	Vision	Mission	Objectives
			<p>Islamic values in Waqaf An-Nur, other institutions, and the community.</p> <p>5. As a secretariat of the Mosque Committee and coordinate the management of Waqaf An-Nur mosques and its branches.</p> <p>6. As the main reference centre for matters related to Islamic business management and other relevant things</p>
ARBA Foundation		To help children escape the poverty cycle in one generation.	

Besides the vision, mission and objectives, the findings of this study also reveal that waqf organisations prioritise specific strategic focus areas when designing their projects and allocating resources. For example, YWM focuses on four key areas which are economic development, health, education, and environment, while Waqaf An-Nur focuses their *manfaat* contributions to be distributed to projects related to religious, socioeconomic, health and community welfare. While adopting a multi-dimensional approach to poverty, ARBA focuses on three key areas which are education, health, and wellbeing. According to the waqf organisations, these strategic focus areas significantly influence the types of outcomes that can be reasonably expected and measured from their initiatives. Their programs and resource allocations are also prioritised based on these focus areas. The summary of the organisations' mandates and key focus areas are presented in Table 5.3.

Table 5.3 Key Focus Areas of the Waqf Organisations

Key Focus Areas			
Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
<ol style="list-style-type: none"> 1. Health 2. Education 3. Environment 4. Economic empowerment 	<ol style="list-style-type: none"> 1. Religious affairs 2. Human basic needs (education, life, socioeconomic needs, wealth preservation) 	<ol style="list-style-type: none"> 1. Religious affairs 2. Healthcare 3. Socioeconomic development 4. Community welfare 	<ol style="list-style-type: none"> 1. Health 2. Education 3. Well-being

5.3.2 Discussion on Impact Measurement Methods

From the findings, the study found that there is currently no specific SIM framework adopted by the waqf organisations. Despite realising the importance of upholding *Maqāsid al-Sharī'ah* and aiming to revive waqf development in Malaysia as mentioned in the organisation's mission and objectives, it appears that there are no clear pathways such as logical model or theory of change followed by the organisations to measure their impact. However, although there are no specific SIM frameworks currently adopted by the waqf organisations to measure and report social impact, the study is able to uncover the methods and approaches used by the organisations for recording and reporting their activities.

After analysing the data obtained in Chapter 4, it is found that waqf organisations in Malaysia typically record and report three types of data. They are 1) data on collection of waqf, 2) data on distribution of waqf collection, and 3) data about programs to beneficiaries. The collection data relates to the inputs of the waqf organisations, while the distribution and programs to beneficiaries' data are more relevant to the activities, outputs and outcomes of the waqf organisations.

For the collections and distributions of waqf assets and properties, the data are obtained and recorded in an organised manner to produce a financial report based on the Malaysian accounting standards. Since all waqf organisations are audited, either

by private auditors or the Auditor's General, they are obliged to ensure that all financial reports are prepared according to the accounting standards and supported by legitimate documents. This means, all collections, distributions, investments, operating costs and returns on investments must be accurately recorded, processed, analysed, and reported in an organised manner. Similarly, for waqf real estates and properties, they are translated into the accounting measurement of dollars and cents, and therefore recorded in such manner too.

For the data on programs to beneficiaries, waqf organisations adopts multiple methods. Studies have shown that multiple multifaceted approaches are needed in order to measure impact and social value (Nicholls, 2009; Polonsky et al., 2016). The first method is project reporting. The project reporting consists of various measurement like progress report, financial report, key stakeholders, committee members, targets, achievements, and feedback on the projects. All the organisations have project reporting for their projects, which includes the decision-making processes on where the resources should go to, and how much to spend. Some of the organisations have specific committees to report to such as Shariah Committee, Investment Committee, Fatwa Council Committee, while some have specific project committee especially if the projects involve other collaborators, as shown in the case of YWM's collaborations with SIRC's and corporate bodies; Waqaf An-Nur with SIRC-J; ARBA and Universiti Sains Malaysia; and PWS with corporate bodies. The project report is one way for them to measure the success of their projects based on the indicators and goals set, as well as ensure accountability and transparency to all parties involved. The way waqf organisations engage with stakeholders from funders to recipients, shows that the organisations are both inclusive and exclusive regarding what and how information is captured and reported.

Secondly, it is the pre- and post-programme evaluation and feedback. This process serves several purposes, including assessing program effectiveness, understanding the impact on beneficiaries, monitoring waqf asset utilisation (to ensure waqf assets donated are being utilised and functioning well), fostering relationships, and gathering insights for future improvements. All the waqf organisations interviewed recognise the significance of program beneficiaries as important

stakeholders. Consequently, they actively seek feedback from them. This approach aligns with the findings of Kah (2018), who emphasised that program users are valuable sources of information regarding an organisation's impact. For instance, Waqaf An-Nur acknowledges that beneficiary feedback plays a pivotal role in refining their training programs (hairdressing and sewing) to meet their specific needs and developing innovative initiatives tailored to those needs. A similar perspective is echoed in the work of Mathur et al. (2008), highlighting that stakeholder engagement not only drives innovation but also enhances user ownership and reduces conflicts.

Conducting interviews in-person, following-up over the phone and through text messages, are some of the multiple data collection methods used to measure impact. ARBA prioritises continuous direct conversations with beneficiaries, which not only helps assess current impacts but also aids in planning for long-term benefits. The relatively small number of beneficiaries enables ARBA to maintain this direct communication method effectively. Furthermore, as their primary communication channel with donors is through social media, sharing real stories collected via interviews enhances accountability to donors and, in turn, boosts fundraising efforts. This aligns with Huang and Hooper (2011) and Taticchi et al. (2010), who found that funders place greater importance on non-financial information, particularly when social organisations provide detailed accounts of how they fulfil their mission and the benefits they offer to the society. Unfortunately, due to resource constraints in terms of manpower, time, and finances, most waqf organisations are not able to interview all beneficiaries and for every program but instead only selected sample is chosen.

The findings above confirm the existing studies in that both quantitative and qualitative information are important to different stakeholder groups. Studies by Kah (2018) and Polonsky et al. (2016) find both groups of information important, although qualitative information such as narratives are considered valuable mainly where quantitative data is unavailable, or when the impact cannot be estimated beyond short-term.

Finally, all the data collected above will be summarised and presented in the respective organisation's annual report. The annual reports normally consist of

information on the vision and mission of the organisation, its organisational structure, background, history, waqf products and types that are managed by the organisation, the amounts of waqf collected and distributed, financial statements and a summary of the programs and activities organised. Visual elements such as photographs are also included in the annual report, social media platforms, and websites. In the past three years, only ARBA has published two Impact Report and audited financial statements. The Impact Report illustrates ARBA's projects in supporting its vision of eradicating poverty in Malaysia, including collaborators, plans, achievements, and reflections. Meanwhile, YWM also annually publishes a separate report on distribution (*Laporan Program Agihan*), which provides a detailed overview on the projects and list of beneficiaries.

Table 5.4 Summary of Discussion on SIM Methods Adopted

Data Type	• Waqf Collection	• Waqf Distribution	• Projects to Beneficiaries
SIM methods	<ul style="list-style-type: none"> • Financial statements (accounting) 	<ul style="list-style-type: none"> • Financial statements (accounting) • Project reporting 	<ul style="list-style-type: none"> • Project reporting • Pre- and post-evaluation • Interview (face-to-face, phone call, text messages) • Fieldwork visits and verification
SIM Approach (Epstein & Yuthas, 2014)	<ul style="list-style-type: none"> • Quantification 	<ul style="list-style-type: none"> • Quantification 	<ul style="list-style-type: none"> • Quantification • Trained Judgement • Qualitative
Report Produced	<ul style="list-style-type: none"> • Annual Report • Audited financial statements 	<ul style="list-style-type: none"> • Annual Report • Audited financial statements • Distribution Report 	<ul style="list-style-type: none"> • Annual Report • Distribution Report • Impact Report

5.4 RESEARCH OBJECTIVE TWO: PERCEPTION OF ACCOUNTABILITY

In the landscape of waqf organisations in Malaysia, the relationship between SIM and the concept of accountability is unknown. Through the interviews with the four waqf organisations, the study gains valuable insights into the relationship of these two critical dimensions.

5.4.1 SIM as an Accountability Tool – The Perception and Accountable to Whom?

Findings from interviews highlight that the waqf organisations interviewed generally perceive SIM as a powerful tool for enhancing accountability within waqf organisations. This perspective aligns with the research of Epstein and Yuthas (2014), who argue that one of the fundamental reasons for undertaking SIM is to reinforce an organisation's accountability to its stakeholders. Arshad and Zain (2017) similarly affirm that SIM serves as a practical mechanism for waqf organisations to fulfil their commitment to relevant stakeholders. This consensus reflects a broader understanding within waqf organisations regarding the instrumental role of SIM in strengthening accountability. The next question that arises is, accountable to whom?

Majority of the waqf organisations interviewed perceive SIM as a means to fulfil accountability obligations to a spectrum of stakeholders. This includes internal stakeholders such as the Board of Directors and various committees that the organisation seeks approval from such as the Shariah Committee, Investment & Finance Committee, Audit Committee and Tender Committee; as well as external stakeholders like the State Religious Councils, collaborators, external auditors, regulators (project specific) and most importantly, waqif (donors). According to Zain and Hassan (2023), SIM discharges accountability to donors.

However, it is important to recognise that not all waqf organisations share the same perspective on the primary position of their accountability. An interesting point of view emerges with Waqaf An-Nur, whose viewpoint differs slightly from the other

organisation. They argue that their primary accountability is not towards the waqif. Waqaf An-Nur's argument is rooted in the intrinsic nature of waqf, where assets are considered dedicated solely to Allah SWT upon endowment. This dedication relinquishes the waqif's rights and interests in the waqf assets, entrusting the responsibility for proper asset management to the mutawalli (manager) and administrator (*nazīr*). Consequently, the interviewee asserts that the nazir and mutawalli are not accountable to report to the waqif since the assets have been dedicated to Allah, and no beneficial ownership remains. Instead, Waqaf An-Nur believes its primary accountability is to the Johor State Islamic Religious Council (SIRC-J). This perspective supports the findings of Osman (2012), which suggest that donors often do not pay much attention to what happen to their donations. They feel that once they've made the waqf donation, they've fulfilled their religious responsibilities, leading to a lack of hierarchical upward accountability to the donors. This essentially removes donors from the role of monitoring in the holistic accountability framework.

Nonetheless, the absence of donor monitoring does not imply that waqf officers are not accountable to them. Gray et al. (2006) emphasise that determining accountability based on the presence or absence of singular measures is a flawed approach. Similarly, suggesting that a waqf officer is not accountable to a donor merely because the donor does not actively monitor the waqf officer's responsibilities is inappropriate. There may be informal mechanisms through which accountability can still be upheld even without a formal monitoring process. Accountability is considered fulfilled when there's an understanding that waqf officers are actively managing the donated waqf properties. Whether the waqf officers actually utilise these properties to benefit beneficiaries and the public is not as critical as the act of receiving the donation from the donors. In this context, the commitment to act, as highlighted by Gray et al. (2006), appears to be inherent to the role of a waqf officer. Simply being a waqf officer seems to inherently entail the responsibility to ensure that waqf properties are used for the benefit of recipients and the public. From the donor's perspective, the act of the waqf officer in accepting the donation may already be seen as fulfilling accountability to them (Osman, 2012).

As an Islamic based organisation, being accountable to Allah is after all one of the most important elements of accountability in Islam. On top of that, Islam believes that accountability stems from the concept of *amanah* (trust) and *khalifah* (vicegerent). Unlike the worldly and external focus in the conventional accountability, Islamic accountability considers “everyone is answerable to Allah in the Hereafter” to be fundamental Masruki and Shafrii (2013). Osman (2012) opines that Islamic values, such as belief in the Day of Judgement, make a great push factor for the waqf officers to fulfil their responsibility and duty of accountability in best way possible. This is explained in his thesis as “felt accountability”, which is an individualised perception of accountability that acts as a powerful motivation for waqf officers to carry out their duty in the best way possible.

5.4.2 Other Reasons for SIM

5.4.2.1 To Build Trust and Reputation

SIM emerges as a catalyst for building trust and collaboration between waqf organisations and their stakeholders. Transparent reporting of impact serves as a bridge, enhancing relationships and nurturing collaboration. Stakeholders are more inclined to engage with organisations they trust, thereby highlighting the pivotal role of transparency in strengthening accountability. All waqf organisations that were interviewed view that the perceived value derived from SIM is positively correlated with stakeholder motivation to donate more to their organisations. By communicating the results of SIM, YWM believes that it can attract funding from high-net-worth individuals and big corporations to participate in waqf projects.

For ARBA who has the strongest social media presence among the four organisations, they believe that being transparent and sharing impact of what they do through carefully curated postings on social media helps with raising awareness and funds to continuously sustain their projects.

5.4.2.2 To Learn and Reflect

SIM is not merely a metric to quantify outcomes; it is, in fact, a powerful tool for learning and reflection. SIM is always perceived as a mechanism that allows organisations to reflect on the work they do, i.e. facilitating a deeper understanding of their activities and their impact on the intended beneficiaries. This process of introspection and learning is where accountability truly takes place.

Through data collection, analysis, and reflection, organisations gain insights into their performance and the effectiveness of their strategies. According to ARBA, accountability emerges as a natural product of this learning and reflection process. It involves not just answering to stakeholders but also answering to themselves. It's about being answerable for the choices made and actions taken in the pursuit of a mission. It is about ensuring that every dollar received from donors is accounted for. The drive shown by ARBA here is consistent with the definition of felt accountability as discussed in Osman (2012), where according to the study, Lindkvist & Llewellyn (2003) argues that an individual with “felt accountability” has the tendency to take initiative and be creative. This may come from the individual’s job description and accountability to Allah which are demonstrated in the values that underpin the individual’s action.

Meanwhile, Waqaf An-Nur views one of the benefits of SIM is its role in improving organisational efficiency. By systematically collecting and analysing data, organisations can gauge how efficiently they are utilising their resources to achieve their goals. This efficiency measurement serves as a compass, guiding organisations toward optimising their programs and activities. SIM enables them to identify what works and what does not, helping them make informed decisions about where to allocate resources for maximum impact.

The perception by waqf organisations above is echoed by Epstein and Yuthas (2014) who highlighted one of the fundamental reasons for measuring impact is indeed learning. The authors suggest that SIM may also serve as a valuable tool for

organisations to comprehend their performance levels and validate whether their assumptions and strategies align with desired outcomes.

5.4.2.3 To Strengthen Governance

Waqaf An-Nur views one of the benefits of SIM is its role in strengthening governance. Through building trust, learning, and being accountable to stakeholders, the governance practices are also enhanced accordingly. The way SIM enhances the governance of an organisation is by it providing a framework to assess the effectiveness and efficiency of their operations. It enables the organisation to set clear goals and objectives aligned with its mission and monitor progress towards achieving them. Afterall, governance refers to the framework of rules, practices, and processes by which an organisation is directed, controlled, and operated. It encompasses the decision-making structures, policies, and procedures that guide the organisation's actions and ensure its objectives are achieved.

Literature suggests that accountability is indeed one of the crucial pillars of effective governance, and without it, the governance system would be ineffective (Biondi & Lapsley, 2014; Hood & Heald, 2006; Midin et al., 2017). Accountability is after all one of the eight major characteristics or principles of good governance outlined by the UNESCAP (United Nations, 2009). It is a foundation for any governance system, including charitable organisations to function effectively.

5.5 RESEARCH OBJECTIVE THREE: ISSUES AND CHALLENGES IN IMPLEMENTATION OF SIM

This section discusses the third objective of the study, highlighting the issues and challenges in employing SIM for waqf in Malaysia. These factors must be considered while proposing a feasible SIM Framework.

5.5.1 Limited Human Resources and Expertise

Based on the findings, it is evident that a common challenge in implementing SIM is the lack of human resources and expertise. The multifaceted nature of SIM demands a skilled workforce with expertise in impact measurement, data analysis, and presentation of data. Otherwise, it will be difficult for the organisation to accurately define key indicators, gather relevant data, and interpret outcomes accurately. This finding is consistent with the studies by Nicholls (2009), Arena et al. (2015) and Kamaruddin et al. (2022) that found limited human resources as barriers to social impact assessment. Wilkes and Mullins (2012) found a lack of analytical skills amongst staff social enterprises in using impact frameworks in his research while Kah (2018) found that one of the barriers to social impact practice is the limited human resource to improve the process of capturing and analysing data.

The implication of this challenge is it could hinder waqf organisations from measuring impact as well as affect the quality of data collected because there is limited capacity to understand and manage the process of SIM. This finding should help to improve organisational strategic plans for resource allocation, invest in capacity-building initiatives, and encourage collaborations with experts that can help bridge the knowledge gap. A dedicated team with the right knowledge and skill in SIM are needed to develop a comprehensive and practical impact measurement process while addressing the intricacies of waqf and Islamic social finance. As highlighted by Arena et al. (2015), the tools for measuring impact need to be practical for the organisation to use.

5.5.2 Financial Constraint

Another recurring challenge found during the interview is the financial constraints or a lack of budget in meeting the resources needed to implement SIM. Establishing a robust SIM framework requires financial resources for hiring skilled staff or engage external consultants for SIM purposes, investing in technology for efficient data integration and management, data collection tools and others. This is consistent with

the findings found in studies in other TSOs like social enterprises who face roadblocks in operating under restricted financial and human resources (Clark & Brennan, 2016). Nicholls (2009) and Arena et al. (2015) also argue that limited financial resource is one of the barriers of social impact assessment. Similarly, Polonsky et al. (2016) also found that quantitative SIM approaches such as SROI are costly, time-consuming and require specialist skills – which only strengthen the need of more financial resources to implement SIM. Exploring alternative and innovative funding sources, forging partnerships, and seeking grants could possibly alleviate the budgetary constraints.

5.5.3 Absence of A Standardised Social Impact Measurement Framework

The study found that another core challenge in implementing SIM lies in the absence of a standardised framework or manual that fully incorporates the unique components central to each organisation's mission. The absence of a well-defined SIM framework and manual is a pressing challenge, especially when SIM is considered rather new in Malaysia. For faith based NPOs like waqf organisations, frameworks such as the SDG and ESG do not comprehensively cover the specific principles and objectives embodied in their missions.

The absence of a framework and manual creates a sense of uncertainty for waqf organisations regarding how to measure the impact of various types of projects. This uncertainty is especially evident when grappling with the intricacies of short- and long-term projects, as well as distinguishing between direct and indirect societal impacts. In some instances, projects undertaken by waqf organisations may straddle both short- and long-term durations.

For example, Waqaf An-Nur faces challenges in measuring the impact of short-term projects, such as providing funds for constructing classrooms or installing air-conditioning units in mosques or schools. The intangible aspects of comfort and enhanced learning environments are not adequately addressed by traditional measurements. Conversely, ARBA finds that measuring the long-term impacts of their multi-dimensional approaches, especially in addressing complex issues like poverty, is

a more protracted process. Stakeholders may encounter difficulty in comprehending why certain outcomes remain static for extended periods before significant impacts become evident over a more extended timeframe.

Furthermore, it's essential to acknowledge that the process of measuring impact is inherently non-standardised and complex. As a result, it may not always yield quantifiable results or figures. The study underscores the importance of incorporating continuous practices and parameters beyond conventional financial indicators, as noted by Roder (2011).

The implications of these findings prompt contemplation on whether SIM should adopt a standardised yet practical measurement approach or allow flexibility to tailor measurements according to each organisation's specific objectives. The complexity and diversity of impact measurement underscore the need for adaptable frameworks that can effectively capture the essence of an organisation's mission and its unique societal contributions. As highlighted by Arena et al. (2015), the tools for measuring impact need to be practical.

5.5.4 Legal and Regulations

The clash of authority and jurisdiction between religious, civil, and administrative bodies creates significant challenges when it comes to defining and establishing a standardised legal framework for the management and evaluation of waqf assets. These multiple interpretations and complexities in waqf asset-related laws, particularly regarding waqf land, can lead to confusion when trying to set clear guidelines for measuring impact. Perhaps dealing with these legal hurdles could be seen as a long-term project on its own with its measurable impact, or alternatively, a foundational assumption that underpins the success of other projects.

Addressing these legal challenges can be viewed as a significant, long-term endeavour in itself. This task involves navigating through intricate legal landscapes and resolving conflicting interpretations. Successfully overcoming these hurdles could

have a measurable impact, creating a foundation of stability and clarity within the waqf management framework. Clarifying these legal ambiguities is vital for creating a robust and transparent environment within which waqf assets can be effectively managed, ensuring the longevity and efficacy of charitable endeavours.

5.5.5 Public Perception on Waqf

Perception of the public regarding waqf can be a significant challenge in gauging the impact of waqf programs. Public awareness, understanding, and attitudes towards waqf can influence participation, contribution, and engagement with waqf projects. Misconceptions, lack of trust, or inadequate knowledge about waqf may affect the data gathering process, making it difficult to assess the true impact and effectiveness of waqf programs and activities. A mindset shift is needed regarding how waqf is perceived, moving away from a purely religious tool towards a more holistic societal impact perspective.

To address this challenge, there is a need for a shift in mindset regarding how waqf is perceived. This shift involves moving away from viewing waqf solely as a religious tool and embracing a more comprehensive perspective that focuses on its societal impact. By broadening the understanding of waqf beyond its religious context, it becomes possible to emphasise its role in creating positive social change and addressing societal needs. This change in perception can foster greater public awareness, trust, and participation in waqf initiatives, enabling more accurate assessment of their impact and effectiveness.

5.6 RESEARCH OBJECTIVE FOUR: SOCIAL IMPACT MEASUREMENT FRAMEWORK FOR WAQF ORGANISATIONS

This final discussion seeks to answer the fourth research question of this study which is what is a suitable SIM framework for waqf organisations? Thus, this section presents the final proposed SIM framework for waqf organisations as depicted in

Figure 5.1. This is a summary of the visual expression of the discussion presented in this study with the aim to propose a SIM framework for waqf organisations based on the following: Mission and objectives, what to measure, how to measure, measure for who, why measure and enablers.

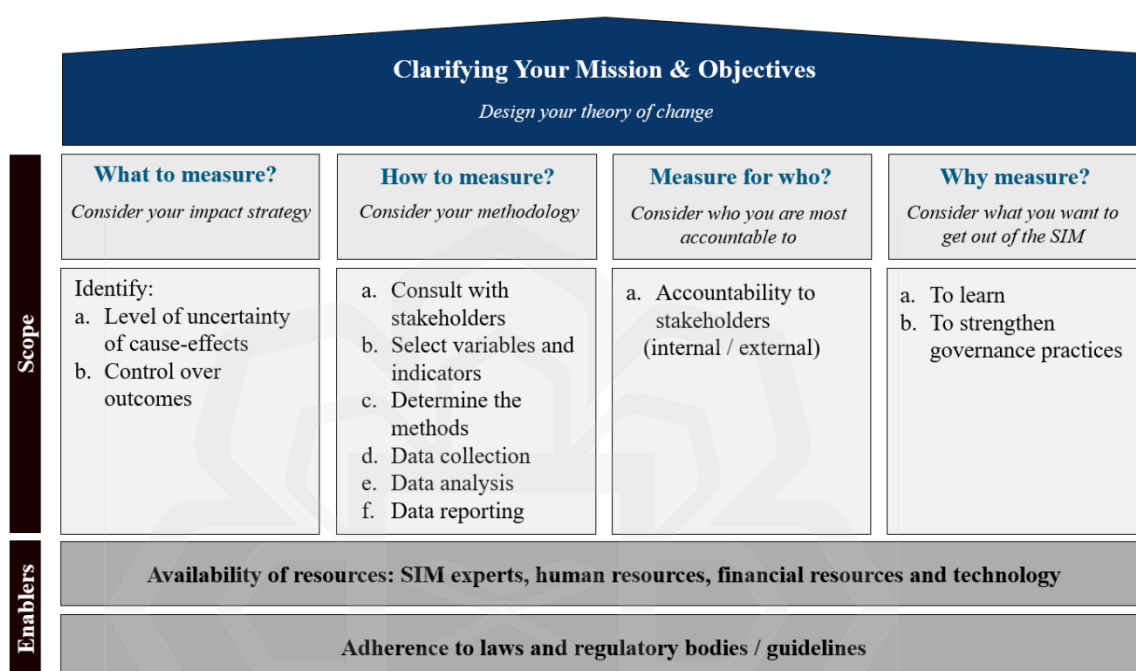


Figure 5.1 Proposed SIM Framework
Source: Researcher's Own

The framework builds upon the Theory of Change and Logic Model; and the Five Dimensions of Impact as explained extensively in Section 2.4.1.2 and 2.4.1.2, respectively. It also extends the performance measurement and SIM processes for waqf introduced by Noordin et al. (2017) and Mohtesham (2021). While the previous studies delineated the elements and sequential steps involved in SIM development for waqf, this study goes further by establishing a comprehensive and adaptable framework applicable to waqf organisations of various types, focuses and indicators. Unlike previous approaches, the framework illustrated in Figure 5.1 allows for the development of different components to occur concurrently rather than strictly sequentially.

5.6.1 Clarify Objectives and Mission of the Organisation

As a start, it is imperative for the waqf organisations to first establish a clear alignment between the organisation's mission and its intended social impact. This can be achieved by being as clear as possible about their social mission—its products, clients, and social change goals (Epstein & Yuthas, 2014). This alignment forms the foundational basis upon which effective impact measurement strategies can be built. To achieve this, waqf organisations must first be clear of their vision, missions, and goals.

This clarity in goals provides a direction and purpose for the organisation's activities and helps in assessing the progress towards the social mission. Without a clear goal, it becomes challenging to define and measure the outcomes that indicate progress towards the social mission (Ebrahim et al., 2014). Besides that, organisational goal clarity has proven to show positive perceived benefit of efficiency and effectiveness (Ahmad & Rehman, 2016).

Thereafter, organisations may develop their theory of change (ToC). The ToC framework provides a systematic approach for organisations to articulate their vision for change, define desired outcomes, and strategically map the steps required to achieve them. This framework serves as a navigational roadmap, shedding light and clarifying the causal relationships between inputs, activities, outputs, outcomes, and impact. The ToC will also be able to guide waqf organisation to collect accurate data for SIM and manage resources efficiently by determining the focus areas upfront.

Hence, the initial step involves being absolutely clear of the mission and objectives to ensure that the mission statement accurately reflects the organisation's overarching goals. To test the practicality and feasibility of the ToC, the organisation may validate the theory by checking with subject matter experts, comparing with peers in the same cause or talking to stakeholders.

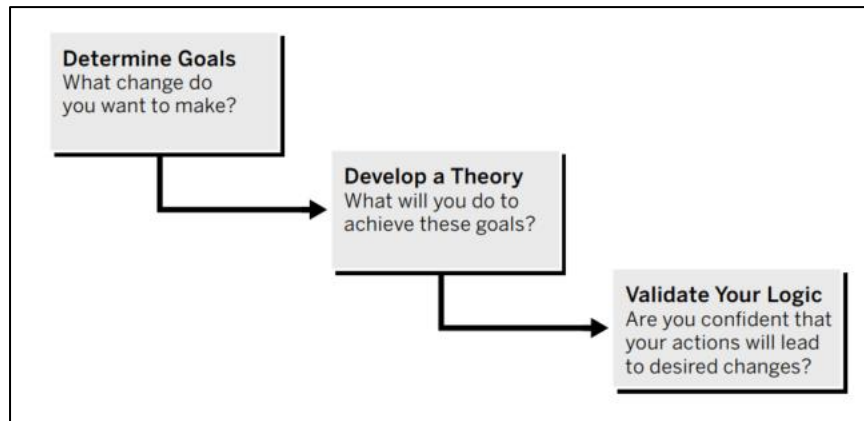


Figure 5.2 Steps in Creating Theory of Change
Source: Epstein and Yuthas (2014)

5.6.2 What to measure?

The conventional perception in the third sector suggests that an organisation should measure results as far down the logic chain as possible, aiming to assess outcomes and societal impacts. This expectation is rooted in a normative perspective that holds organisations addressing social issues, especially those seeking public support, accountable for demonstrating their effectiveness in solving societal problems (Ebrahim, 2019; Ebrahim & Rangan, 2010). However, it is essential to critically examine whether and to what extent such measurement aligns with the goals and strategies of the organisation.

To navigate this complexity, it is imperative to assess the ToC designed earlier to identify the intensity of the causal-effect relationship. Next, the operational strategy is also assessed to determine the control the organisation has over the outcomes.

For example, organisation X provides cash assistance to people in poverty to help with their immediate survival. The goal here is to mobilise help as soon as possible, and to as many needy people as possible; which means its ToC is focused and clear: organisation has the financial resources and staff (input), assess the applications received (activity) and disburse the cash assistance to deserving applicants (output). The logistics and process of doing so can be highly complicated, but the basic intervention logic or causal-effect relationship is fairly straightforward

(Ebrahim & Rangan, 2010). Such work is focused on meeting immediate and highly tangible needs; therefore it is reasonable for Organisation X to measure its response time and the quality of its disbursement process (activity and output). Anything beyond that, such as the ability of the recipients to improve their livelihood (outcome) or the effect of cash assistance on getting them out of poverty (impact) will not be measurable by Organisation X. This is because Organisation X does not have control over anything beyond output, therefore the performance can only be captured at output level.

Alternatively, organisation X may increase its control over outcomes by combining multiple interventions to achieve a broader objective and increase the interdependency of initiatives with each other. This interaction can be seen in ARBA with its multi-dimensional approach to the issue of poverty by including activities that interact with one another, such as the cash assistance given to the poor families (Nadi), education trips to the children (Teroka) and connecting poor children to organisations or individuals that can help develop their talents (Adiwira). In this case, the ToC grows more complex, but ARBA also has more control over the outcomes.

Based on these two contingencies, i.e. the level of uncertainty of the causal-effect and the control the organisation has on the outcomes, Ebrahim (2019) offers a contingency framework for social performance comprising four strategies as shown in Figure 5.3. They are Niche, Integrated, Emergent, and Ecosystem. Each strategy represents a distinct approach to achieving social impact and what it can measure, and most organisations can have a combination of these strategies.

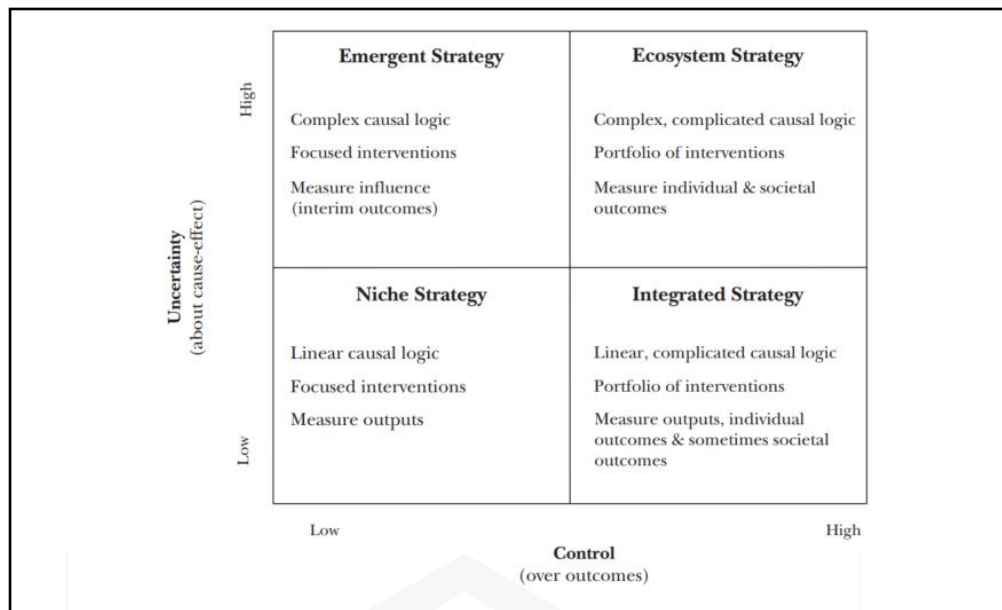


Figure 5.3 Contingency Framework for Social Performance
 Source: Ebrahim (2019)

For ease of understanding, an example of the identification of what can be measured is prepared based on the case study of ARBA, which currently has 6 projects under their purview. The table describes the impact strategy that could be adopted by ARBA and the measurement of impact that can be achieved. Due to the complexity, wide variation and uncountable projects and programs conducted by YWM, PWS and Waqaf An-Nur, the researcher is unable to map their strategies accurately. However, the main lesson from this example is to prove that one organisation may adopt more than one impact strategy and not everything can be measured till outcome and impact levels.

Table 5.5 Sample Impact Strategy for ARBA
Based on Researcher's Analysis

	Niche Strategy	Integrated Strategy	Emergent Strategy	Ecosystem Strategy
Example of projects	One-off cash relief during natural disaster (flood)	Projek Susu Ibu	Advocacy work on poverty alleviation	Nadi, Adiwira, Teroka
Level of uncertainty regarding cause and effect (ToC)	Low The cause-effect link for this project is clear and has low level of uncertainty. The money raised (input) will be channelled to the affected victims (outputs) based on the evaluation of the applications (activities/process).	Low The cause-effect link is clear. The existent of resources such as money and breastfeeding counsellor (input), selection of pregnant mothers to support (activities/process), giving monetary aid and breastfeeding support for 6 months (output), children and mother are well-nourished (outcome), less children with stunting growth (outcome).	High High complex nature of causality when it comes to shaping public policy and social norms.	High The cause-effect link is complex. They are inter-related to one another.
Control over outcomes (scale and scope)	Low The goal is to disburse cash assistance as soon as disaster hit to provide relief to as many victims as possible. Anything beyond that is already out of their control, therefore the performance can only be captured at output level.	High If the scope and scale is fixed and within the means that the organisation has, the control over outcomes is high.	Low The involvement of many players and/or influence reduces the control over outcomes.	High The programmes support each other to lead to the same outcome, ie. eradicating poverty.

	Niche Strategy	Integrated Strategy	Emergent Strategy	Ecosystem Strategy
What can be measured?	Outputs (produce outputs of reliable quality)	Outputs + Outcomes (produce and combine multiple outputs to generate interdependent outcomes)	Influence (produce interim outcomes that “contribute” to long-term outcomes)	Outcomes and impact (restructure relationships among multiple actors to generate interdependent outcomes)

The step in the earlier Section 5.6.1 which involves defining the impact mission statement, mapping the activities and drawing out the impact chain or ToC serves to highlight the key elements of what to track and measure. Indicators for outputs are generally more straight forward as they involve the measurement of direct quantities like number of goods distributed, or number of beneficiaries. It is important to capture the right information as the organisation moves from measuring outputs to outcomes and impacts. Knowing what to measure helps the organisation to select the right indicators that are relevant to the organisation’s mission, adaptable to change, time-bound, specific, consistent, and practical (Investing for Good, 2012).

5.6.3 How to measure?

The second pillar of the framework addresses the question of "How to measure?". In this section, continuing from the ToC designed in Section 5.6.1 earlier, the focus shifts to how to choose what methodologies and tools employed for impact assessment. It entails a range of activities, from consulting stakeholders, to selecting appropriate variables indicators and measurement techniques, collecting data, analysing data and presenting the results. These steps are inspired from many available frameworks such as SoPact and Smith (2020), and Mohtehsham (2021).

- a) **Consulting Stakeholders:** The process of identifying and consulting with stakeholders will reveal the type of information they need from SIM and

help waqf organisations select an appropriate method to address those needs. The SIRC may require impact information in monetary terms to evaluate waqf's effect on the government welfare budget, while the waqif and beneficiaries may only interest in the outcome of the waqf assets and activities. Therefore, identifying the information need of each stakeholder is very important to successfully implement the SIM. As discussed in Section 5.3.2 earlier, different stakeholders put emphasis on different types of information to make decision.

- b) **Selecting Variables and Indicators:** Based on the theory of change, waqf organisations can decide on the variables and indicators to what the organisation is going to measure. There are already developed indicators to measure the several outcomes, i.e. *Maqāṣid al-Sharī'ah* indicators, SDGs global indicators framework, IRIS catalogue of metrics, etc. Waqf organisations can adopt indicators from them according to their needs and measure the outcome. In the case where they do not find any indicators, they can develop indicators by themselves that meet their needs and provide most insight into the program. Indicators should provide clarity on the measure of success and duration of activities. However, it is important to remember that your chosen indicators should be relevant to the organisation's mission, responsive to change, time-bound, specific, consistent, and practical (Investing for Good, 2012).
- c) **Selecting SIM Methods:** Depending on the nature of the outcomes, waqf organisations may choose suitable measurement methods. As discussed in Section 2.4.3, social impact can be measured through trained judgement, qualitative research, quantitative methods and/or monetisation. Quantitative data indicates whether the change has taken place while qualitative data illustrate why and how the change occurred. Each of the methods has a distinct feature and characteristics. Therefore, waqf organisations should select methods that align with the specific outcomes being measured and based on their organisational goals and stakeholders' needs (Maas & Liket, 2011).

To respond to the concerns of Waqaf An-Nur on methods to measure non-tangible impact in Section 4.4.4, the answer is in Section 2.4.2 which is by using the Trained Judgment approach. This involves discussions and observations of programs by experts, who play a crucial role in validating their assessments by actively engaging directly with program participants or observing the programs in action. This verification fieldwork not only instils a higher degree of confidence but also ensures that resources are utilised in the most efficient and effective manner. These experts are instrumental in evaluating the logical connections between an organisation's activities and the desired outcomes.

- d) **Collecting Data:** Once the data collection method is known, waqf organisations can proceed with developing the data collection tools (such as surveys, questionnaires, interviews, focus group, qualitative assessments case studies, reports, databases, or a combination of methods) and determine the timing for data collection.
- e) **Analysing Data:** After collecting the data, the organisations can start analysing it to make it effective for usage. By analysing the data, the institutions can know whether and to what extent their activities are achieving their goals and even the *Maqāṣid al-Sharī'ah* and SDGs. Qualitative or quantitative data analysis tools such as descriptive statistics, inferential statistics, or thematic analysis can also be used to measure impact.
- f) **Report the findings:** The final step of social impact measurement is to communicate and report your results to your stakeholders, which can be done through impact reports, dashboards, scorecards, stories, case studies, visuals, infographics, videos, websites, newsletters, social media, and events. At the end of the day, the results of SIM remain meaningless if not shared for better decision-making.

5.6.4 Measure for who?

The third pillar of the framework explores the "For who?" aspect, emphasising on the parties these waqf organisations are most accountable to.

While measuring impact, waqf organisations should consider who they are most accountable to, whether externally, internally, or both. The methods and reporting format of impact measurement can be personalised to meet the requirements or needs of the stakeholders. In the absence of such consideration, organisations run the risk of appealing to the wrong stakeholder. SIM enhances accountability and enables the organisation to demonstrate its commitment to stakeholders by showcasing results and improvements. Stakeholders are more inclined to engage with organisations they trust, thereby highlighting the pivotal role of transparency in strengthening accountability.

As an Islamic based organisation, being accountable to Allah is also one of the most important elements of accountability in Islam. On top of that, Islam believes that accountability stems from the concept of *amanah* (trust) and *khalifah* (vicegerent). Unlike the worldly and external focus in the conventional accountability, Islamic accountability considers "everyone is answerable to Allah in the Hereafter" to be fundamental (Masruki & Shafrii, 2013). Osman (2012) opines that Islamic values, such as belief in the Day of Judgement, make a great push factor for the waqf officers to fulfil their responsibility and duty of accountability in best way possible. This is explained in his thesis as "felt accountability", which is an individualised perception of accountability that acts as a powerful motivation for waqf officers to carry out their duty. This sense of accountability may have a factor in how what waqf organisations decide to design their metrics. One way is by having *Maqāṣid al-Sharī'ah* as its fundamental indicators to measure impact.

5.6.5 Why measure?

The fourth pillar of the framework explores the "Why measure?" aspect, emphasising on the purpose of measuring impact.

As discussed in Section 5.4, some of the reasons why organisations measure impact is to gain insights from the SIM process to make informed decision, allocate resources more efficiently, adapt interventions based on evidence, drive their mission more effectively and strengthen the governance practices of the organisation. Besides that, measuring social impact will also help organisations build trust and strengthen reputation.

The information on why an organisation measures impact becomes a valuable resource for refining strategies and enhancing project effectiveness accordingly. It will also help the organisation to prioritise what data to be collected, processed and reported.

5.6.6 Enablers / Key Success Factors

Finally, the framework consists of a section of enablers or key success factors that will ensure the SIM framework is feasible. As part of building the ToC in Section 5.6.1 earlier, the organisation needs to outline what are the key enablers or success factors and assumptions that will enable the achievement of the ToC.

Having said that, the development of this framework can also take into account the finding and discussion in Section 5.5 on issues and challenges in implementing SIM identified from the interviews. The findings suggest that there are some key enablers that can ease the process of adopting SIM in the waqf organisations.

The first enabler is the availability of SIM expertise and human resources dedicated to impact measurement. Having individuals with specialised knowledge in social impact assessment, data analysis, and research methodologies is crucial. These

experts play a central role in designing measurement protocols, collecting and interpreting data, and ensuring the framework's effectiveness. To ensure the availability of SIM experts and staff, organisations may invest in training and capacity building programs for staff members to enhance the organisation's internal capabilities for impact measurement. Alternatively, collaborating with external SIM experts or partnering with research institutions can provide access to additional expertise. Such collaborations foster a learning environment and bring diverse perspectives to the measurement process.

The second enabler for implementing SIM framework within waqf organisations is the availability of financial resources. Adequate funding ensures that the organisation can allocate resources for hiring new staff and training existing staff; and investing in technology including data management systems and analytics tools to increase efficiency in measure impact. Adequate funding can also help with effective data collection such as surveys and data analysis.

Finally, legal and regulatory considerations are important for waqf organisations to measure social impact. Organisations should ensure that their impact measurement activities align with existing legal frameworks governing waqf operations. Understanding and complying with legal requirements is essential to maintain the organisation's credibility and legitimacy. On top of that, establishing and adhering to ethical guidelines for data collection, privacy protection, and reporting is imperative. These guidelines safeguard the interests of beneficiaries and stakeholders while upholding the organisation's ethical standards.

5.7 CHAPTER SUMMARY

The chapter discusses the findings of the study based on four research objectives: to explore the current SIM mechanisms in waqf organisations, perceptions on accountability, challenges, and to develop a framework for measuring social impact.

The analysis finds that waqf organisations in Malaysia use various methods and approaches to measure social impact, such as project reporting, pre- and post-program evaluation, interviews, fieldwork visits, and annual reports. However, there is no specific or standardised framework or manual that guides their impact measurement process.

The analysis also finds that waqf organisations perceive SIM as a tool to enhance accountability to various stakeholders, such as donors, beneficiaries, regulators, collaborators, and Allah. Additionally, SIM serves other purposes such as building trust and reputation, learning and reflection, and strengthening governance.

The analysis identifies several challenges in implementing social impact measurement, such as limited human resources and expertise, financial constraints, absence of a standardised framework or manual, legal and regulatory issues, and public perception on waqf.

Based on the analysis, the study proposes a social impact measurement framework for waqf organisations based on four questions: what to measure, how to measure, measure for who, and why measure. The framework also considers the alignment of the organisation's mission and vision with its intended social impact, the theory of change that explains the causal relationships between inputs, activities, outputs, outcomes, and impact, and the key success factors or enablers that facilitate the implementation of the framework. The proposed framework provides a comprehensive yet flexible guide for waqf organisations to measure their social impact according to their specific needs, objectives, and contexts. The framework also incorporates the Islamic principles and values that underpin the waqf system.

CHAPTER SIX

CONCLUSION

6.1 INTRODUCTION

The purpose of this chapter is to provide a summary of the main findings of the study. This study was guided by four research questions and several conclusions can be drawn from the findings and analysis presented in the previous chapters. This chapter also highlights some contributions of this study to the body of knowledge and practical implications. Furthermore, this chapter identifies some limitations of this study and offers several recommendations and suggestions for future research.

6.2 SUMMARY OF MAIN FINDINGS AND IMPLICATIONS

This section discusses the summary of the findings based on the research objectives below:

1. To explore the mechanisms used by Malaysian waqf organisations to measure social impact.
2. To explore the perception of waqf operators in Malaysia with regards to the role of SIM in fulfilling accountability.
3. To identify key challenges in developing and adopting SIM for waqf in Malaysia.
4. To develop a SIM framework for waqf organisations.

6.2.1 Research Objective One: To Explore the Current Mechanism Used to Measure Social Impact

Four waqf organisations were explored to gain insights and understanding of their current SIM mechanism. The analysis of the findings concluded two things: 1) the importance of clarifying organisational goals and key focus areas, and 2) the impact measurement methods currently adopted by the four waqf organisations.

To assess how waqf organisations measure their impact, it's essential to first understand their goals and key focus areas. SIM validates an organisation's impact by linking outcomes to intended changes based on program objectives or the organisation's vision. Clear organisational goals are crucial for effective impact measurement, as they help identify beneficiaries, develop tailored programs, monitor progress, communicate impact, learn from experiences, and improve performance. Epstein and Yuthas (2014) noted that many NPOs struggle to track data related to their mission, therefore missing on effective learning opportunity. ARBA stands out with a comprehensive and well-defined mission as described by Epstein and Yuthas (2014). However, other organisations can still measure impact effectively by aligning their approach with their mission or using multiple Theories of Change for different impact areas.

Besides the goals, the findings of this study also reveal that waqf organisations prioritise specific strategic focus areas when designing their projects and allocating resources. These strategic focus areas significantly influence the types of outcomes that can be reasonably expected and measured from their programs. Their resource allocations are also prioritised based on these focus areas.

The study also found that there is currently no specific SIM framework adopted by waqf organisations in Malaysia. However, despite the absence of a formal framework, the organisations employ various methods to record and report their activities. Based on researcher's observation and analysis, the waqf organisations typically record and report three types of data. They are 1) collection data, 2) distribution data, and 3) data about programs to beneficiaries. The collection data relates to the inputs of the waqf organisations, while the distribution and programs to

beneficiaries' data are more relevant to the activities, outputs and outcomes of the waqf organisations. For both the collections and distributions of waqf assets and properties, the data are obtained and recorded in an organised manner to produce a financial report based on the Malaysian accounting standards.

For the data on programs to beneficiaries, waqf organisations adopts multiple methods. They include progress reports, financial reports, key stakeholders, committee members, targets, achievements, and feedback. These reports help measure the success of projects based on established indicators and goals, ensuring accountability and transparency to stakeholders.

Waqf organisations in Malaysia engage in multiple methods for impact measurement. They include project reporting, pre- and post-program evaluation and feedback, and interviews with beneficiaries. These approaches are used to assess program effectiveness, understand the impact on beneficiaries, monitor waqf asset utilisation, foster relationships, and gather insights for future improvements.

These findings support the importance of both quantitative and qualitative information in measuring impact, particularly in cases where quantitative data may be insufficient or when long-term impact cannot be assessed solely through numbers. Additionally, all collected data are summarised and presented in the organisations' annual reports, which provide detailed overviews of their vision, mission, organisational structure, waqf products, financial statements, and summaries of programs and activities. ARBA Foundation is the only organisation that publishes Impact Reports to showcase their projects' impact, achievements, and reflections for the past 3 years.

The summary of findings for RO1 are presented in Table 6.1 below.

Table 6.1 Summary of Findings for RO1

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
Mandates 1. Cash waqf	Mandates 1. Cash 2. Real estate / property	Mandates 1. Develop and invest in waqf assets 2. Manage waqf returns	Mandates 1. Cash collected from crowdfunding
Key Focus Areas: 1. Health 2. Education 3. Environment 4. Economic empowerment	Key Focus Areas: 1. Religious affairs 2. Human basic needs (education, life, socioeconomic needs, preservation of wealth)	Key Focus Areas: 1. Religious affairs 2. Healthcare 3. Socioeconomic development 4. Community welfare	Key Focus Areas: 1. Health 2. Education 3. Well-being
Process/Activities 1. Malaysian Cash Waqf System (database for cash waqf) 2. Collaborations with SIRC's and corporations 3. Evaluation of applications for assistance 4. Present to internal committees such as Shariah Committee, Investment & Finance Committee, Audit Committee, Management Committee and BOD.	Process/Activities 1. Geographic Information System (GIS) to record, manage & monitor waqf properties & real estate. 2. Internal reporting to the board which includes management report, status report, financial and project reporting. 3. Success is defined by the amount of waqf collected. This shows PWS views its impact through the lens of financial sustainability and growth.	Process/Activities 1. Mandates are in developing and invest in waqf assets, and managing waqf returns. 2. Projects are divided into two categories – long term projects and short-term. 3. In deciding which key areas to prioritise, Waqaf An-Nur employs a prioritisation process guided by the principles of <i>maṣlahah</i> and <i>Maqāṣid al-Sharī'ah</i> . 4. Presence of periodic internal reporting.	Process/Activities 1. Multi-dimensional programmes based on research. 2. Projects are divided into two categories – long term projects and short-term.

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
<p>Reporting output</p> <ol style="list-style-type: none"> 1. Annual report reporting on financial statements, collection, distribution, and activities. 2. Annual Distribution Report (Laporan Program Agihan) 	<p>Reporting output</p> <ol style="list-style-type: none"> 1. 10-year report (sedekad) from 2011-2021 covering financial statements, collection, distribution, and activities. 2. Annual report (2018 and 2019) 3. Waqf reporting is mentioned under the MAIS report, which includes all activities under the purview of MAIS including zakat. 	<p>Reporting output</p> <ol style="list-style-type: none"> 1. Annual report to include the development for waqf and development for the Ummah. 	<p>Reporting output</p> <ol style="list-style-type: none"> 1. Audited Financial Report 2. Impact report for 2019-2021 and 2022
<p>Data collection methods</p> <p>Three types of data are collected: collection, distribution and manfaat waqf (projects)</p> <ol style="list-style-type: none"> 1. Financial statements 2. Moveable Waqf Assets Monitoring Report 3. Interview (face-to-face, phone call, text messages) 4. Project reporting: pre- and post-monitoring and evaluation studies 	<p>Data collection methods</p> <p>Three types of data are collected: collection, distribution and manfaat waqf (projects)</p> <ol style="list-style-type: none"> 1. Financial statements 2. Field trips 3. Interview 4. Project reporting 	<p>Data collection methods</p> <p>Three types of data are collected: collection, distribution and manfaat waqf (projects)</p> <ol style="list-style-type: none"> 1. Financial statements 2. Project reporting: pre- and post-monitoring and evaluation studies 3. Surveys 4. Interviews 5. Roadshow (face-to-face engagements) 	<p>Data collection methods</p> <p>Three types of data are collected: collection, distribution and manfaat waqf (projects)</p> <ol style="list-style-type: none"> 1. Financial statements 2. Analysis and monthly progress evaluation 3. Project evaluation 4. Interviews and constant communication

Yayasan Waqaf Malaysia	Perbadanan Wakaf Selangor	Waqaf An-Nur	ARBA Foundation
5. Fieldwork visits verification (<i>Lawatan Pemantauan dan Verifikasi</i>)			
SIM approach based on Epstein and Yuthas (2014)			
<ul style="list-style-type: none"> • Quantification • Trained Judgement • Qualitative 	<ul style="list-style-type: none"> • Quantification • Trained Judgement • Qualitative 	<ul style="list-style-type: none"> • Quantification • Trained Judgement • Qualitative 	<ul style="list-style-type: none"> • Quantification • Trained Judgement • Qualitative

6.2.2 Research Objective Two: Perception of Role of SIM in Fulfilling Accountability

The interviews with waqf organisations revealed a consensus that SIM serves as a powerful tool for enhancing accountability within these organisations and to stakeholders. This perspective aligns with the research by Epstein and Yuthas (2014), which emphasises that one of the fundamental reasons for implementing SIM is to reinforce an organisation's accountability to its stakeholders. Additionally, Arshad and Zain (2017) also argue that SIM is a practical mechanism for waqf organisations to fulfil their commitment to relevant stakeholders. This consensus reflects a broad understanding within waqf organisations regarding the instrumental role of SIM in strengthening accountability.

The waqf organisations interviewed perceive accountability as being owed to a range of stakeholders; from internal stakeholders such as the Board of Directors and various committees (e.g., Shariah Committee, Investment & Finance Committee, Audit Committee, and Tender Committee), to external stakeholders like State Religious Councils, collaborators, external auditors, regulators (project-specific), and waqif (donors).

All interviewed waqf organisations believe that the perceived value derived from SIM is positively correlated with stakeholder motivation to donate more to their organisations. Some of the organisations emphasise the importance of transparency and sharing the impact of their work to motivate people to donate towards waqf and their cause.

While most waqf organisations share the perspective that their primary accountability to report impact is towards donors, which is consistent with the emphasis by Rusni & Zain (2021), an interesting viewpoint arises from Waqaf An-Nur. Waqaf An-Nur argues that their primary accountability is not towards the waqif (donor), but rather towards the State Islamic Religious Council of Johor (SIRC-J) due to their role as the special nazir elected by the SIRC-J. This perspective of theirs is also rooted in the intrinsic nature of waqf, where assets are considered dedicated solely to Allah SWT upon endowment, relinquishing the waqif's rights and interests. Therefore, Waqaf An-Nur believes they are not accountable to report impact to the waqif, as the assets have been dedicated to Allah. This perspective aligns with the notion that donors often do not actively monitor what happens to their donations, as once they make the waqf donation, they may feel they have fulfilled their religious responsibilities (Osman, 2012).

Finally, waqf organisations also perceive accountability as a natural product of the learning and reflection process facilitated by SIM. Through data collection, analysis, and reflection, organisations gain insights into their performance and the effectiveness of their strategies. This process of introspection and learning is where accountability truly takes place. It ensures that every dollar received from donors is accounted for in the best way possible.

6.2.3 Research Objective Three: Issues and Challenges in Implementation of SIM

The research identified several key issues and challenges faced by waqf organisations in Malaysia when it comes to measuring their impact.

One significant challenge that emerged from the interviews conducted with these organisations is the limited availability of human resources and expertise dedicated to SIM. The multifaceted nature of SIM demands a skilled workforce with expertise in impact measurement, data analysis, and data presentation. Without such expertise, it becomes difficult for these organisations to accurately define key indicators, gather relevant data, and interpret outcomes accurately.

Financial constraints also pose a substantial challenge in establishing a robust SIM framework. This includes the need for financial resources to hire skilled staff or engage external consultants for SIM purposes, invest in technology for efficient data integration and management, and acquire data collection tools, among other requirements.

Another significant challenge is the lack of a well-defined and comprehensive impact measurement framework and manual tailored to the unique principles and objectives embodied in waqf organisations' missions. Existing frameworks like the Sustainable Development Goals (SDGs) and Environmental, Social, and Governance (ESG) criteria do not fully cover these specific principles. This lack of a framework creates uncertainty for waqf organisations on how to measure the impact of various project types, particularly when dealing with the complexities of short- and long-term projects and distinguishing between direct and indirect societal impacts.

Legal and regulatory restrictions add complexity to the measurement of impact. The varying interpretations and conflicts of authority and jurisdiction between religious, civil, and administrative bodies make it challenging to establish a standardised legal framework for waqf management and assessment. These legal

complexities, especially regarding waqf land, can lead to confusion when trying to set clear guidelines for measuring impact.

Public perception plays a crucial role in assessing the impact of waqf programs. Public awareness, understanding, and attitudes toward waqf can significantly influence participation, contribution, and engagement with waqf projects. Misconceptions, a lack of trust, or inadequate knowledge about waqf can hinder the data gathering process, making it challenging to assess the true impact and effectiveness of waqf programs and activities. Shifting the public's perception of waqf from a purely religious tool to a more holistic perspective emphasising societal impact is crucial.

6.2.4 Research Objective four: Proposed Social Impact Measurement framework for Waqf Organisations

This section presents the final proposed SIM framework for waqf organisations as depicted in Figure 6.1. The framework builds upon the Theory of Change and Logic Model; and the Five Dimensions of Impact as explained extensively in Section 2.4.1.2 and 2.4.1.2, respectively. It also extends the performance measurement and SIM processes for waqf introduced by Noordin et al. (2017) and Mohtesham (2021). While the previous studies delineated the elements and sequential steps involved in SIM development for waqf, this study goes further by establishing a comprehensive and adaptable framework applicable to waqf organisations of various types, focuses and indicators. Unlike previous approaches, the framework illustrated in Figure 5.1 allows for the development of different components to occur concurrently rather than strictly sequentially.

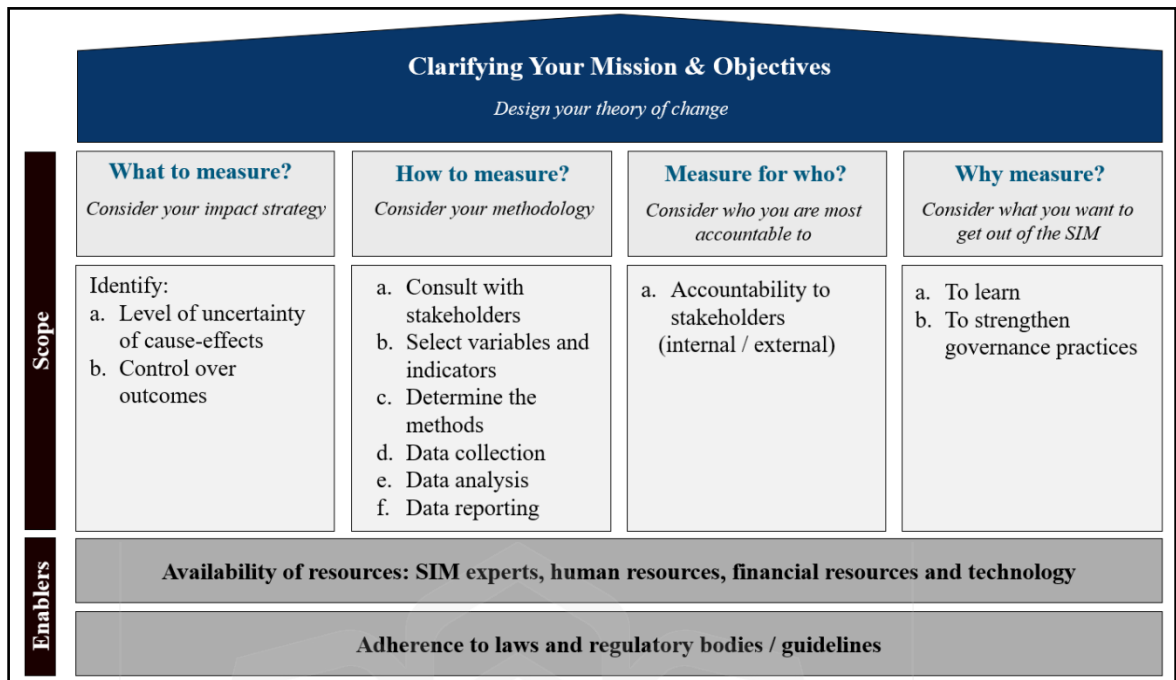


Figure 6.1 Proposed SIM Framework
 Source: Researcher's Own

This proposed SIM framework begins with the need for the waqf organisations to first establish a clear alignment between the organisation's mission and its intended social impact by clearly defining their social mission, target beneficiaries, and goals. This alignment forms the foundational basis upon which effective impact measurement strategies can be built. To achieve this, waqf organisations must first develop their theory of change (ToC), which is framework that provides a systematic approach for organisations to articulate their vision for change, define desired outcomes, and strategically map the steps required to achieve them. This framework serves as a navigational roadmap, shedding light and clarifying the causal relationships between inputs, activities, outputs, outcomes, and impact (SOPAC). On top of that, this is also when the organisations need to outline what are the key enablers or success factors and assumptions that will enable the achievement of the ToC.

Next, the framework requires waqf organisations to explore into five key areas: *what to measure, how to measure, measure for who, why measure and enablers.*

1. **What to measure:** The conventional perception in the third sector suggests that one should measure results as far down the logic chain as possible, aiming to assess outcomes and societal impacts. However, it is essential to critically examine whether and to what extent such measurement aligns with the goals and strategies of all TSOs. To navigate this complexity, it is imperative to assess the ToC designed earlier. The lower uncertainty of the causal-effect relationship, the more able the organisation measure further down the logic chain, and vice versa. Next, organisations need to find out their ability to exercises control over outcomes. As discussed in Section 5.3.1, in certain scenarios, like emergency relief assistance given during the natural flood – while the outputs are crucial, organisations are not in control over the greater outcomes beyond the assistance and therefore will not be able to measure beyond the delivery of the outputs. Alternatively, organisations with multiple interventions may be able increase their control over outcomes.
2. **How to measure:** In this section, the focus shifts to how to choose what methodologies and tools employed for impact assessment. It entails the engagement with key stakeholders, selection of appropriate variables and indicators, measurement methods, data collection, data analysis and presentation of results. The findings reveal that the best indicators for waqf organisations must be based on *Maqāṣid al-Sharī‘ah*.
3. **Measure for who:** While measuring impact, waqf organisations should consider who they are most accountable to. The methods and reporting format of impact measurement can be personalised to meet the requirements or needs of the stakeholders. In the absence of such consideration, organisations run the risk of appealing to the wrong stakeholder. SIM enhances accountability and enables the organisation to demonstrate its commitment to stakeholders by showcasing results and improvements. Stakeholders are more inclined to engage with organisations they trust, thereby highlighting the pivotal role of transparency in strengthening accountability.

4. **Why measure:** Waqf organisations should also consider the other reasons why they measure impact. Some of the reasons are to get insights from the SIM process to make informed decision, can allocate resources more efficiently, adapt interventions based on evidence, and drive their mission more effectively. This process of introspection on who organisations measure the impact for can guide them on how to present and report impact.

Finally, the framework consists of a section of key success factors or enablers that will ensure the SIM framework is feasible. The development of these key success factors is based on the discussion on issues and challenges in implementing SIM. To ensure a smooth and successful implementation of SIM, organisations should ensure that there have enough resources consisting of human capital, expertise and financial. On top of that, their impact measurement activities must also align with existing legal frameworks governing waqf operations.

6.3 CONTRIBUTION OF THE STUDY

The main purpose of this study was to explore the concept, practice, issues and challenges of SIM implementation in selected waqf organisations by using qualitative research methods. Considering the lack of studies and evidence on the SIM practice in waqf literature, this study makes two main contributions:

6.3.1 Literature and Knowledge Contribution

One of the most significant contributions of this study lies in its pioneering exploration of SIM within waqf organisations in depth. While prior research had primarily focused on SIM in other third sector entities (Kah & Akenroye, 2020; Köroğlu & Yıldırım, 2023; Polonksy et al., 2016; Pritchard-Wilkes, 2014; Wilkes & Mullins, 2012), this research ventured into the relatively uncharted territory of SIM in

waqf organisations. This marks a pivotal departure from previous literature and brings fresh insights into the unique dynamics of SIM in the context of Islamic social finance institutions.

Another contribution is the context-specific focus on Malaysia, a country with one of the largest and highly organised waqf systems in the Muslim world. As one of the earliest studies of its kind in Malaysia, the findings presented here hold profound implications for Malaysian scholarship in this field. The results of this study also extend the existing study on the PMS contingency framework and guideline for waqf Noordin et al. (2017) and responds to Kamaruddin et al. (2020) on the need to provide socio-economic impact disclosure based on the five elements of inputs, activities, output, outcome and impact. The study found that waqf organisations have the ability and full rights to decide what can be measured according to their ToC, priorities, and resources.

This research also aligns with and reinforces the findings of Epstein and Yuthas (2014) regarding the motivations behind measuring impact. It reaffirms that SIM serves a dual purpose: as a tool for accountability and as a mechanism for learning. Furthermore, this study extends the scope of accountability beyond donors to encompass various stakeholders and underscores the deeply rooted religious accountability aspect in the context of waqf, where accountability is primarily directed towards Allah, upwards in the organisational hierarchy, and inward for internal improvement within the organisation.

Unlike previous studies that predominantly adopted theoretical and conceptual approaches, this research took an empirical route by employing a case study methodology. This methodological shift allowed for a deeper understanding of the application of SIM by waqf organisations in Malaysia (RO1), their perception of SIM as a tool for accountability (RO2) and their specific challenges in adopting SIM (RO3). Consequently, this research contributes valuable empirical evidence to the literature, offering insights grounded in the real-world experiences of waqf practitioners.

A further contribution stems from the inclusion of four distinct types of waqf organisations in the study. By encompassing various categories of waqf entities, this research provides a holistic and comprehensive perspective on waqf practices in Malaysia. This inclusivity allows for a fair representation of the diversity within the waqf sector and sets the stage for the development of a more nuanced and effective SIM framework tailored to the intricate landscape of waqf organisations in Malaysia.

6.3.2 Practical Implications

One of the primary practical implications of this research is the development of a comprehensive SIM framework tailored specifically for waqf organisations. This framework serves as a practical guide for waqf organisations in Malaysia and globally, offering a structured approach to measuring and reporting their social impact. The proposed framework provides a comprehensive yet flexible guide for waqf organisations to measure their social impact according to their specific needs, objectives, and contexts. Therefore, waqf organisations can utilise this framework to assess the outcomes and effectiveness of their products, projects and initiatives, thereby enhancing their ability to fulfil their social and philanthropic missions more effectively.

Secondly, by identifying and addressing the challenges faced by waqf organisations in implementing SIM, this research provides actionable insights. The interview findings revealed that there is a need to increase resources such as financial, manpower, expertise, and technological investments. The initial investment in building the right team and infrastructure for impact measurement may be overwhelming, therefore the support from the government and industry players through grants and productive collaborations can be considered. Policymakers and government agencies may also use these findings to design targeted support programs and training initiatives to guide and empower waqf administrators in measuring impact. This support can catalyse greater participation and engagement among waqf organisations in Malaysia, fostering a culture of impact measurement and accountability.

Thirdly, the SIM framework developed in this study has the potential to be adopted immediately by waqf organisations. The proposed framework provides a comprehensive yet flexible guide for waqf organisations to measure their social impact. It is customisable and can be personalised based on their specific needs, objectives, and contexts. By systematically measuring and reporting their social impact, waqf organisations can transparently demonstrate their contributions to society. This transparency, in turn, can build trust among the public, donors, beneficiaries, and other stakeholders. On top of that, SIM also enables waqf organisations to comprehensively capture and communicate the true extent of their impact on society, hence reducing the risk of underestimating its impact.

Finally, this study highlights the importance of measuring impact which regulators may want to consider getting more organisations, especially those from the third sector like waqf organisations to incorporate as part of their reporting. This can be done by increasing awareness regarding the significance of SIM and inculcating a collective will among all waqf players to embrace its implementation. By elucidating that SIM furnishes organisations with the means to evaluate their performance, validate the efficacy of their strategies, discharge their accountability effectively and derive valuable insights from operational activities, perhaps the willingness among waqf participants to undertake impact measurement initiatives will ensue. By promoting SIM adoption, regulators can foster a culture of continuous improvement, transparency, and accountability among organizations, ultimately benefiting society at large.

6.4 LIMITATIONS OF THE STUDY

Despite the merits of this research and its contribution to literature, theory, practice and policy, this study has certain limitations. The first category of limitation is during the data collection.

Firstly, the number of projects, programs, and initiatives managed by waqf organisations are too large in number for an individual analysis (one-by-one) on the

SIM method. According to the respondents, this is partly due to the various collaborations these waqf organisations have with multiple parties, such as mosque committees and other institutions like banks, schools, and government agencies. The precise number of all projects is vague, as these collaborators oversee smaller-scale initiatives, many of which were not consistently reported back to the parent waqf organisations. However, the study mitigated this limitation by ensuring the respondents selected for the interview are involved in the day-to-day operations of the waqf organisations and can provide a macro-overview of the organisation. The interview findings are also substantiated with the analysis of documents published by the organisations that have gone through a thorough internal and external reviews, therefore are considered reliable and credible data sources. The study's methodology, guided by the expertise of the interview participants and supported by thorough document analysis, aims to provide a robust and insightful overview of the impact measurement methods employed by these waqf organisations.

Another limitation arises from respondents' various level of understanding of SIM, impacting their responses to the interview questions. To mitigate this, the researcher begins the interviews by presenting the definitions and key concepts of SIM. Thereafter, the researcher continues to remain cautious when interpreting their explanations and employ probing questions to enhance the accuracy of the assessment. In some instances, the organisation may already adopt SIM without explicitly labelling it as such. Through careful listening and analysis of their responses, the study can effectively dissect and evaluate SIM practices within the organisation.

Other limitations are connected to the generalisation and the scope of this study. Although there is no ideal number of cases for a study to be considered as quality, valid and reliable (Yin, 2003), some critics of the case study approach claim that a small number of cases offers no grounds for establishing generality of findings. This research concentrated on four case organisations, which operate under four different laws and management. The generalisability of findings is supported through the common goals these organisations have in enhancing, developing, and empowering waqf while solving socio-economic issues of the society. However, caution should still be used when generalising the research results to other faith-based

organisations, such as zakat organisations, Islamic NPOs and organisations from another jurisdiction. While the framework proposed provides rooms for contextualisation and personalisation, it is important to take into consideration that different organisations may have different enablers or key success factors.

Although the above have been cited as limitations, considerable effort was made to ensure that the research strategy employed was robust enough to deal with the research objectives and questions. The study presents a rich source of empirical data on SIM for waqf organisations based on literature, document analysis and the four waqf organisations studied.

6.5 FUTURE RESEARCH RECOMMENDATIONS

As a relatively new area of research, various aspects of SIM can be studied. In this study, four main aspects which form the four main objectives of this study are the current SIM mechanism currently adopted by waqf organisation in Malaysia; the perception of waqf organisations on the role of SIM in fulfilling accountability; the issues and challenges faced by waqf organisations in adopting SIM; and a proposal of SIM framework. New research areas became apparent during this study. Henceforth, several recommendations are made for future research related to this area.

First, this study explores the mechanisms employed by waqf organisations in Malaysia to measure social impact. Understanding this is crucial, as current methods for SIM in this context (i.e. Malaysian waqf organisations) are not well-documented. Therefore, it is essential to determine whether waqf organizations are indeed measuring their social impact. Due to constraints in time and scope, this study does not assess the effectiveness of the SIM mechanism used, nor does it evaluate the impact of the programs offered by these organisations. Future research could involve detailed case studies of individual waqf organisations to examine the effectiveness and impact of their programs or products and assess how well they align with their stated objectives.

Secondly, this study examines the perception of the role of SIM in fulfilling accountability from the perspective of the waqf officers. This tightly defined perception may be construed as presenting an imbalanced view as there may be many other views from the ‘downward’ parties, such as the beneficiaries and donors, and/or from the ‘upward’ parties, such as the board members and SIRC. By taking into considerations the perspective of beneficiaries, donors, board members, and regulatory bodies, future research can gain a deeper understanding of how different stakeholders interpret the role of SIM in enhancing accountability and the value of SIM in their decision-making process. This process may include examining the strategies waqf organisations adopt to adapt to competing or conflicting accountability focuses.

Thirdly, expanding the research scope to include other Islamic institutions such as zakat institutions, Islamic NPOs and Islamic banks, can provide valuable insights. Comparative studies can reveal commonalities and variations in SIM practices across these institutions. Researchers may investigate how contextual factors, legal frameworks, and organisational structures influence SIM approaches and challenges attached to measuring impact, fostering a more holistic understanding of SIM in Islamic finance.

Fourthly, future researchers should consider adopting diverse research methods to investigate SIM in waqf organisations more comprehensively. Surveys, focus groups, or mixed-method approaches can be employed to collect data from various sources, including expanding the sample size to include more waqf organisations around the country. These methods can shed light on the multifaceted nature of SIM practices, allowing for a more holistic analysis of challenges and opportunities.

Finally, based on the response in Section 4.6 on the preferred variable and indicators for SIM, the proposed SIM framework in this study can further be enhanced by developing *Maqāṣid al-Sharī'ah* indicators for SIM. The *Maqāṣid al-Sharī'ah*-based SIM can be explored thorough examination of variables, indicators, and matrices aligned with Islamic ethical and social objectives. This exploration can be further substantiated through a survey to get feedback on the indicators and metrics.

By doing so, future research can create a more holistic framework that better resonate with the values and goals of waqf organisations in achieving *Maqāsid al-Sharī'ah*.

6.6 CONCLUSION

This study has pioneered an exploratory study on social impact measurement in waqf organisations in Malaysia. In the process, it has uncovered three main aspects, namely: the current SIM mechanisms currently undertaken by the waqf organisations; the perception of the role of SIM in fulfilling accountability; and issues and challenges faced by the waqf organisations in implementing SIM.

The insights gathered from this study have played a pivotal role in the development of a SIM framework tailored for waqf organisations. This framework holds immense potential, offering a multitude of opportunities and advantages, particularly in the leadership landscape within Malaysia's Islamic finance industry. One of its primary benefits lies in addressing the issue of accountability within waqf organisations. By providing a structured approach to measuring the actual impact of waqf initiatives on society, the framework bridges the existing gap between the theoretical foundations of Islamic finance and its current practices in the field.

In essence, this study marks a significant step forward in the domain of waqf, shedding light on the SIM practices, accountability perceptions, and implementation challenges. The resulting SIM framework not only serves to enhance the effectiveness of waqf initiatives but also to contribute substantially to the evolution of Islamic finance in Malaysia. Its potential lies not just in offering a solution to existing problems but also in paving the way for a more robust and accountable future for waqf organisations, thereby strengthening their impact on society and fulfilling *Maqāsid Shari'ah*.

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APPENDIX A

SAMPLE OF INFORMED CONSENT FORM

INFORMED CONSENT FORM

Dear participant,

My name is Nor Syahirah Mohamad Zain, a PhD candidate at the IIUM Institute of Islamic Banking and Finance. I am conducting a study on the topic of “Social Impact Measurement Framework for Waqf: The Case of Waqf Organisations in Malaysia” as part of my doctoral research. The following information is provided to you as a participant of the study.

The purpose of the study: This study aims to explore the current social impact measurement (SIM) of waqf organisations in Malaysia with the purpose of developing a SIM framework for waqf organisations. This study focuses on selected waqf organisations in Malaysia which are the national waqf entity, waqf institution under the State Islamic Religious Council, corporate waqf and Labuan International Waqf Foundation.

Duration: This interview will take around 40-60 minutes and will be recorded for data analysis purposes.

Language: This interview will be conducted in English or Malay language, whichever is more comfortable for participants.

Voluntary Participation: Your participation in the study is completely voluntary and you may choose to stop participating at any time.

Withdrawal from the interview: You can stop participating in the study at any time, for any reason, if you decide so. Your decision to stop participating, or to refuse to answer particular questions, will not affect your relationship with the researcher involved in this interview. In the event you withdraw from this interview, all associated data collected will be immediately destroyed wherever possible.

Privacy and anonymity: Your responses to the questions will be kept confidential. Each interviewee will be assigned a code to help ensure that personal identifiers are not revealed during the analysis and write up of findings. The recording will only be available to the interviewer and the direct supervisors of IIUM and will in no way be used other than for the analysis of this research. In the resulting thesis, your participation will be anonymized by default, unless you specifically make mention that this is not necessary. In that case, permission may be requested at a later stage to use one or more direct quotes.

If you would like additional information concerning this study before or after it is completed, please do not hesitate to contact me by phone at +60123943152 or email syahirahzain@gmail.com. Thank you for your cooperation.

RESPONDENT'S CONSENT

I have read and understood the information on the form, and I consent to volunteer to be a part of this study. I understand that my responses are completely confidential and that I have the right to withdraw at any time.

I _____ agree to participate in this interview for the research purpose. My signature below indicates my consent.

Signature:

Date:

Name:

APPENDIX B

SAMPLE OF REQUEST LETTER FOR INTERVIEW

Date: 16 November 2022

Attention: Prof. Dr. Amir bin Shaharuddin

Chief Executive Officer,
Yayasan Waqaf Malaysia
Aras 8, Blok D,
Kompleks Islam Putrajaya,
Jalan Tun Abdul Razak,
Presint 3, 62100 Putrajaya

Assalamualaikum warahmatullahi wabarakatuh

Dear Prof. Dr. Amir,

REQUEST FOR PERMISSION TO CONDUCT INTERVIEW FOR PHD RESEARCH

My name is Nor Syahirah Mohamad Zain, a PhD candidate at IIUM Institute of Islamic Banking and Finance (II/BF). I am currently doing a research study on "Social Impact Measurement Framework for Waqf: The Case of Waqf Organisations in Malaysia". For this purpose, I have selected your institution as one of my case studies. As a national waqf entity with the mission of being a leader in waqf development in Malaysia, I believe your insights and sharings will add value to my thesis.

I hereby seek your permission to conduct a research interview in your institution. In this regard, I wish to interview 4-5 staff from your institution to be my respondents, including yourself. The respondents could be from:

1. Policy & Development (Bahagian Dasar dan Pembangunan)
2. Management (Bahagian Pengurusan)
3. Finance (Bahagian Kewangan)
4. Or any other *Bahagian* you deem relevant to the discussion

For your information, this interview is simply trying to capture your experiences in measuring the social impact of your programmes and perspectives on way forward. Your participation will be a valuable addition to my research findings that could lead to a development of SIM framework for waqf organisations that is still scarce in the literature.

The interview is expected to be scheduled as follows:

Duration: 1 month (Nov to Dec 2022) - *subject to the availability of participants*

Venue: Physical and/or Zoom

With this letter, I have attached a copy of the informed consent containing details about the interview session. Also attached is the interview questions for your kind reference.

I look forward to your positive response to my request for the interview. If you have any questions, please feel free to contact me at +60123943152 or email: syahirahzain@gmail.com in case of any query. Thank you for your time and kind consideration on this matter.

Yours sincerely,



Nor Syahirah Mohamad Zain
PhD Candidate (G2015980)
IIUM Institute of Islamic Banking and Finance (II/BF)
International Islamic University Malaysia

APPENDIX C

SAMPLE OF VERIFICATION LETTER



IUM INSTITUTE OF ISLAMIC BANKING AND FINANCE (IIBF)

Date: 16 November 2022

TO WHOM IT MAY CONCERN

VERIFICATION OF PHD STUDENT CONDUCTING RESEARCH
Nor Syahirah binti Mohamad Zain (Matric No. G2015980)

With reference to the above-mentioned subject, I wish to verify that this student is a PhD student under my supervision at IUM Institute of Islamic Banking and Finance, International Islamic University Malaysia. Details are as follows:

Name	Nor Syahirah binti Mohamad Zain
Matric No.	G2015980
Programme	Doctor of Philosophy in Islamic Banking and Finance
Topic	Social Impact Measurement Framework for Waqf: The Case of Waqf Organisations in Malaysia

I would like to seek your consent to allow her to conduct research in your institution. Kindly be informed that all the information gathered is purely for academic purpose to complete her PhD research. It is hoped that all the necessary information needed in research from your institution will help to contribute to the field of academic and knowledge.

Your kind consideration is highly appreciated.

Thank you

Yours sincerely,

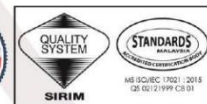
PROF. DR. RUSNI BINTI HASSAN
Main Supervisor,
Dean
IUM Institute of Islamic Banking and Finance (IIBF)
International Islamic University Malaysia

LEADING THE WAY
KHALIFAH • AMĀNAH • IQRA' • RAHMATAN LIL-ĀLAMĪN

Garden of Knowledge and Virtue

Office Address: IUM Institute of Islamic Banking and Finance (IIBF), International Islamic University Malaysia, Jalan Gombak, 53100 Selangor Darul Ehsan.

Mailing Address: IUM Institute of Islamic Banking and Finance (IIBF), P.O. Box 10, 50728 Kuala Lumpur, Malaysia
Tel: +03-6421 4181 Fax: +603-6421 4856 E-mail: iibf@ium.edu.my | Website: www.ium.edu.my/institute/iibf



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APPENDIX D

ORIGINAL INTERVIEW QUESTIONS VALIDATED BY EXPERTS

i) Original interview questions before validated by the first content validator:

Research Objectives	Sub-topic	Interview Questions
	Background of waqf organisation	<ol style="list-style-type: none"> 1. Can you explain why was your organisation established? What was the idea behind its establishment? 2. How does the management of waqf by your organisation differ than those from SIRC? 3. What are the goals of your waqf organisation?
RO1. To explore the mechanisms used by Malaysian waqf organisations to measure their impact	Approaches/methods/mechanisms currently adopted by the organisation to measure their impact	<ol style="list-style-type: none"> 1. Waqf aims to enhance the socio-economic condition of Muslim Ummah in various sectors. What are the key areas that your organisation focuses on? 2. Does your organisation track, record, and report the Waqf assets dedicated by the waqif? <ol style="list-style-type: none"> a. If yes, how? b. If no, why not? 3. Does your organisation also track, record, and report the fund distributed to the beneficiaries of Waqf? <ol style="list-style-type: none"> a. If yes, how? b. If no, why not? 4. To what extent do you think waqf under your purview fulfils Maqasid al-Shariah? 5. Which of the Maqasid al-Shariah do you think they mostly fulfil? 6. Does your organisation report this achievement? <ol style="list-style-type: none"> a. If yes, then how? b. If no, then do you think it will be good for your organisation to report it?

Research Objectives	Sub-topic	Interview Questions
	Overview of SIM understanding	<ol style="list-style-type: none"> 1. What do you understand of social impact measurement? 2. Does your waqf organisation set a direction for the organisation to help prioritise impact? <ol style="list-style-type: none"> a. If yes, what are the variables that you consider in developing your social impact measurement? Why are they prioritised? b. If no, why not? If you are planning to develop SIM, what variables will you consider? 3. What's the process behind deciding/planning for waqf utilisation?
RO2. To explore the perception of waqf players with regards to the role of SIM in fulfilling accountability and <i>Maqāṣid al-Sharī'ah</i> .	Perception of SIM in fulfilling accountability and <i>Maqāṣid al-Sharī'ah</i>	<ol style="list-style-type: none"> 4. How does your organisation perceive its social responsibilities in impact reporting? Ie. as an internal reporting tool or external stakeholder accountability? 5. Does your organisation currently report how it achieves the fulfilment of Maqasid al-Shariah? <ol style="list-style-type: none"> a. If yes, then how? b. If no, why not? c. If no, do you think it will be good for waqf to report it? 6. How can SIM help waqf organisations achieve their higher objectives of <i>Maqāṣid al-Sharī'ah</i>? 7. How does your organisation currently demonstrate accountability to its stakeholders? 8. What is your perception of SIM in helping waqf organisations fulfil its accountability to stakeholders?
RO3. To identify key challenges in employing SIM for waqf in Malaysia.	Issues and Challenges	<ol style="list-style-type: none"> 9. What are some key challenges faced by your organisation in developing and implementing SIM? 10. How do you think the

Research Objectives	Sub-topic	Interview Questions
		said challenges can be overcome?
RO4. To develop a suitable social impact measurement (SIM) framework for waqf organisations	Metrics and indicators to measure social impact	11. Waqf aims to enhance the socio-economic condition of Muslim Ummah in various sectors. What are the key areas where waqf managed by your organisation focuses? 12. What are your waqf organisations' goals? 13. What will be the variables that you consider or will consider in developing your social impact measurement? Why are they prioritised? 14. Does your waqf organisation set a focus/direction for the organisation to help prioritise impact?

ii) Improved interview questions after the first content validation, but before the second content validation:

Research Objectives	Interview Questions
RO1. SIM mechanism currently adopted by the organisation to measure its impact	1. What are the mandates and key areas that your organisation focuses on? 2. How does your organisation track, record, and report the Waqf assets dedicated by the waqif? 3. How does your organisation also track, record, and report the fund distributed to the beneficiaries of Waqf? 4. What are the current mechanisms that your organisation uses to measure social impact? 5. What are the variables that you consider or will consider in developing your social impact measurement? e.g., Sustainable Development Goals, Maqasid al-Shariah, ESG etc 6. In your opinion, are there any additional variables or measures that can be utilised for social impact measurement of your organisation?
RO2. SIM and Maqasid al-Shariah	7. To what extent do you think waqf activities under your purview fulfils Maqasid al-Shariah? 8. Which of the Maqasid al-Shariah do you think they

Research Objectives	Interview Questions
	<p>mostly fulfil?</p> <p>9. Does your organisation report this achievement? If yes, how? If no, why not?</p> <p>10. What is your perception of SIM in helping waqf organisations fulfil Maqasid al-Shariah?</p>
RO2. Perception of SIM in fulfilling accountability	<p>11. How does your organisation perceive its social responsibilities in impact reporting? Ie. as an internal reporting tool or external stakeholder accountability?</p> <p>12. How does your organisation currently demonstrate accountability to its stakeholders? (eg. Management reporting, performance measurement, benchmark reports, financial reporting etc)</p> <p>13. Why do you choose these reporting style?</p> <p>14. What is your perception of SIM in helping waqf organisations fulfil its accountability to stakeholders?</p>
RO3. Issues and Challenges	<p>15. What are some key challenges faced by your organisation in measuring impact?</p> <p>16. How can the current impact measurement method of your organisation be improved? e.g., Clear guidelines and standards on measurement, dedicated impact team, budget, support from management etc.</p>
RO4. Metrics and indicators to measure social impact	<p>17. What will be the variables that you consider or will consider in developing your social impact measurement? Why are they prioritised?</p>