

PERFORMANCE MEASUREMENT AND ACCOUNTABILITY OF *WAQF* INSTITUTIONS IN MALAYSIA

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ABSTRACT

It has been seen for the past few years that the revival of *waqf* institutions has been an upsurge interest of Muslim communities around the world. In line with the revitalization, the issues of measuring and managing *waqf* performance are growingly being discussed and concerned by the academicians and constituents. *Waqf* institutions need to demonstrate their performance as whether they have effectively and efficiently managed in order to discharge their accountability to various *waqf* stakeholders. There are many studies conducted to measure the performance of various organizations in the private, public and third sector. However, studies on the performance measurement of *waqf* institution are still limited, and financial ratios become the dominant measurement in those studies. Being a non-profit in nature and religious entity, managing the entrusted *waqf* assets for social and economic development of the society, the performance measurement of *waqf* institutions should also focus on realizing their missions. Therefore, the aim of this paper is to discuss both financial and non-financial measurement that can be adapted by *waqf* institutions to assess their performance in discharging their accountability. Drawing from the experience on performance measurement discussed in the non-profit organizations literatures, this conceptual paper is hoped to provide significant insight on how *waqf* institutions performance may be measured and provide a tool to benchmark the best practices that can guide them to achieve their goals and missions.

Keywords: *Waqf*, Performance Measurement, Accountability

INTRODUCTION

Waqf is regarded as a mechanism that plays an important role in the economic development of Muslim society throughout the Islamic history until today. It is not only a religious matter towards Allah SWT but it is also considered as an economic and social institution which benefits the Muslims. It is also claimed that *waqf* can contribute significantly towards the ultimate goal of Islamic economic system which covers eradication of poverty, socio-economic justice, and equitable distribution of income. However, despite the contribution that can be obtained from *waqf* in fulfilling the needs of Muslim society, the great potential of *waqf* has not been fully realized and accomplished by *waqf* institutions around the world (Mohammad, Iman, Hamid, & Omar, 2005). The growth in scholarly concern on the effectiveness of *waqf* management is reflected in

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numerous studies. Researchers have been studying, reviewing, and surveying the performance of *waqf* management and found that in general, substantial improvements need to be done (Akhunov, 2015), (D. Ibrahim & Ibrahim, 2013), (Rashid, 2012), (Chowdhury, Chowdhury, Muhammad, & Yaso, 2012).

At present, *waqf* institutions in Malaysia have not yet become the bodies that can contribute to solve the economic problems of *Ummah* (society). For example, there are many *waqf* lands being left undeveloped even though they are in very strategic areas. The 2010 statistics issued by the Department of *Waqf, Zakat, and Haj* (JAWHAR) showed that there were 11,511 hectares of *waqf* land worth RM 116,441,667 in Malaysia, but only 0.72% of it was developed (Mohamad, 2014). In the year 2015, the National Audit Department has audited the management of *waqf* by the State of Islamic Religious Councils (SIRCs), Malaysia for the period of year 2014 and found that in general, *waqf* properties were not being managed properly and effectively by the institutions (Auditor General's Report, 2014). The Auditor General has recommended that the SIRCs should improve the management of *waqf* properties so that the Muslims would be able to gain the socio-economic benefit derived from the properties. The SIRCs were also recommended to continuously take an effort to improve the management and development of *waqf* properties in order to ensure the responsibilities that have been entrusted to them and *waqf* objectives are achieved.

Given this issues, it is important for the SIRCs to demonstrate their performance and exercise transparency in order to discharge accountability to the stakeholders. The institutions need to transpire their performance as whether they have successfully achieved *waqf* missions and objectives as required from them. The level of *waqf* performance will help the institutions to enhance support from the public and gain confidence from the investors to invest in developing *waqf* properties. In this regard, the performance of *waqf* institutions need to be measured based on the most appropriate and suitable measurement. Accordingly, the measurement can be a tool to benchmark the best practices that can guide them to achieve their goals and missions.

However, review on the literature reveals that there are limited studies on performance measurement of *waqf* institutions (Sulaiman, Adnan, & Nur, 2009) especially through the empirical research (Sulaiman & Zakari, 2015). The research to date has tended to focus more on financial ratios (Sulaiman et al., 2009), (Sulaiman & Zakari, 2015), (H Pirasteh, 2011) rather than the non-financial aspect of performance measurement. Hence, this study will seek to address this gap by analysing the literature on performance measurement as practised by the non-profit organizations (NPOs) which can be adapted by *waqf* institutions, as both organizations have similarity in nature that involve philanthropic and charitable activities (Ramli & Muhamed, 2013). Therefore, drawing from the experience on performance measurement discussed in the NPOs literatures, both financial and non-financial perspectives of performance measurement for *waqf* institutions will be proposed. This conceptual paper is hoped to provide significant insight on how *waqf* institutions performance may be measured and improved in the near future, specifically in Malaysia.

AN OVERVIEW OF WAQF

Literally meaning of *waqf* in Arabic is confinement or detention and in the Islamic jurisprudence it means “withholding or immobilizing an asset and mobilizing or releasing its proceeds” (Sabiq, 2004). Withholding means that the assets cannot be sold or disposed in any way, releasing the proceed means that the benefit and *usufruct* can be obtained from the asset without consuming it, need to be spend in the way as permitted by Allah s.w.t. (Kahf, 1998). In other words, *waqf* is a perpetual endowment created in the form of property, money or other items for charitable or religious purposes and the *usufruct* (benefit) is confined to the society as a whole or for a specific segment of society in need (Hassan & Shahid, 2010).

This religious act is one of the commendable forms of charity and repeatedly encouraged and mentioned in the *Quran* and *Sunnah*.

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

“You will not attain piety until you expend of what you love; and whatever thing you expend, Allah knows it”. (Al Imran: 92)

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

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

Although the word *waqf* is not specifically mentioned, majority of the Islamic jurists are in consensus on the legality of *waqf*, based on the verses in the *Quran* and the *Hadith*. Cizacka (1998) views that the perpetual charitable donation mentioned in the Hadith become the essence of *waqf*.

The foundation of *waqf* began since the time of the Prophet Muhammad s.a.w. whereby the first *waqf*, Masjid Quba was established by the Prophet s.a.w when he arrived in Madinah during the *Hijrah*. Later, Prophet’s mosque, Masjid Al Nabawi was built which become the place for worships and also administration centre for the Muslim society. Subsequently, the companions of the Prophet s.a.w continued to establish *waqf*; Abu Bakar r.a donated a piece of land for the society in Mecca, Umar r.a allocated a piece of land for the poor and needy people, and Uthman r.a endowed a water well, Bi’r Raumah for the consumption of the society (Gadot, 2014).

WAQF INSTITUTIONS IN MALAYSIA

The perpetuity of *waqf* implies that *waqf* property needs to be preserved and the benefit can be gained without consuming it (Kahf, 1998) , (Chowdhury et al., 2012). The responsibility to preserve and administer *waqf* property lies in the hand of *mutawalli* that is the administrator, *nazir* or trustees (Mahamood, 2000). Therefore, the *mutawalli* has to be appointed to manage the property in order to ensure that the benefits will continually disseminate to the beneficiaries.

In Malaysia, the institutions that are given the authority to manage *waqf* are the State Islamic Religious Councils (SIRCs) (Siraj, 2012). In order to execute the administration of *waqf*, the SIRCs have established a dedicated *waqf* unit or department in the council or an agency within its jurisdiction (Sulaiman & Zakari, 2015). In Selangor, the State of Islamic Religious Councils has formed Perbadanan Wakaf Selangor (PWS) to manage the overall aspect of *waqf* administration in the state. In Sarawak, the administration of *waqf* is being handled by Tabung Baitulmal Sarawak which was incorporated under the Majlis Agama Islam Sarawak Ordinance (Incorporation) (Amendment) 1984 (Siraj, 2012). The State of Pulau Pinang Islamic Religious Council has also established Perbadanan Wakaf Pulau Pinang, a subsidiary company of the council as an effort to increase the wealth of *waqf* in the state (Ismail, Muda, & Hanafiah, 2014).

Among the functions of the department or agency are to:

- Advise the Council with respect to the policies, methods, measures need to be implemented and taken to encourage the development of *waqf* property and products
- Implement and give effect to such policies, instructions or directives of the Council in respect of property development and endowment products
- Develop, adopt and implement policies, ways and measures on property development and endowment products
- Coordinate the implementation of the *waqf* property and product development rapidly
- Plan, develop, implement and promote the development and implementation of *waqf* property and products
- Manage and run the operation and maintenance of *waqf* facilities, infrastructure and equipment in the *waqf* area
- Promote, coordinate and carry out research and development in all aspects of *waqf* property and products.

Source: Perbadanan Wakaf Selangor Website

The main purpose of these functions is to assist the SIRCs to achieve the mission and objective of *waqf*. Generally, the mission of *waqf* management is to manage and add value to *waqf* properties effectively through cultivating *waqf* culture for the benefit of the society. Meanwhile, the objectives are to enhance the value added in *waqf* property management and cultivate *waqf* practices towards economic development of the society by efficacy and holistic approach in accordance with the Islamic Law.

ACCOUNTABILITY AND PERFORMANCE OF WAQF INSTITUTIONS

Being the sole trustees of *waqf*, as well as religious-based institutions, there are basic requirements that the *waqf* institutions need to fulfil which include accountability to the parties that have an interest in the institutions. Accountability can be defined as “the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible” (Gray, Owen, & Adams, 1996). S. H. M. Ibrahim (2000) elaborate further the definition of accountability as “the duty of an entity to use (and prevent the misuse of) the resources entrusted in an effective, efficient, and economical manner, within the boundaries of moral and

legal framework of society, and to provide an account of its actions to the accountees who are not only the persons who provide it with financial resources but also to the groups within the society and to society at large". This definition indicates that *waqf* institution has a duty to carry out certain actions in managing the resources entrusted to them by the resources provider in a proper and permissible manner and also to fulfil its obligation towards the society.

In the context of non-profit organizations (NPOs), Edwards and Hulme (1996) pointed out these organizations have multiple accountabilities; "downwards" which refer to the organizations' partners, beneficiaries, staff, and supporters, and "upwards" which refer to their trustees, donors, and host governments. Ebrahim (2003) has suggested that accountability involves many parties, namely the financiers who are normally interested to know how the fund is being used, the beneficiaries who are the receiver of the services, and the internal organization itself. The level of accountability also varies based on who are the interested parties and the type of organization (Ebrahim, 2010).

However, the concept of accountability in Islam is different from the conventional as it goes beyond accountability to mankind and worldly life. In Islam, the ultimate accountability of man is to Allah SWT and then to mankind and nature. All deeds will be counted in this world and in hereafter (*al-falah*). As mentioned in the *Qur'an*, a man is entrusted as the *Khalifah* (vicegerent) to safeguard the earth, which ultimately belongs to Allah SWT.

"To Allah SWT belongs whatever is in the heavens and whatever is in the earth. Whether you show what is within yourselves or conceal it, Allah SWT will bring you to account for it. Then He will forgive whom He wills and punish whom He wills, and Allah SWT is over all things competent".
(*Al Baqarah*: 284)

Previous studies by S. H. M. Ibrahim (2000), Yaacob (2006), and Ihsan and Adnan (2009) have proposed dual accountability for *waqf* management. For primary accountability, everybody who is responsible for *waqf* should discharge his or her accountability to Allah SWT (*hablun min Allah*) by fulfilling Allah's command and avoiding His prohibitions. This can be done by following the guidelines as stated in the *sharia* rules. As an administrator of *waqf*, *mutawali* should manage and utilize the *waqf* assets effectively in accordance with the *sharia* rules. Concerning secondary accountability, Yaacob (2006) and Ihsan (2007) have stressed that the *mutawali* is also accountable for various *waqf* stakeholders, namely the donors (*waqif*), *waqf* board, regulators, beneficiaries, and the society.

There are mechanisms that can be used by an organization to discharge its accountability to the stakeholders. Ebrahim (2003) proposed the mechanisms of accountability comprises of reports and disclosure statement, participation, self-regulation, social audits and performance assessments and evaluations. Stewart and Walsh (1992) asserted that accountability is associated with performance measurement as the managers who are managing resources entrusted to them are required to achieve certain objectives and goals and they are accountable for their actions and performance. Therefore, in *waqf* institutions, the *mutawallis* are required to achieve the highest level of performance in *waqf* management in order to discharge their accountability as they are not only accountable to the stakeholders but also to Allah SWT.

PERFORMANCE MEASUREMENT OF WAQF INSTITUTIONS

Over the years, scholars have been studying and proposed several definition and measurement that relate with the performance of an organization. However, it is not an easy task to define, conceptualizing and measuring performance especially for non-profit organizations and particularly for *waqf* institutions. Scholars among themselves have different opinions on the measurement of the performance. This is due to the complexity of the measurement as these organizations focus and emphasize on achieving their missions which the accomplishments are difficult to measure (Forbes, 1998), (Epstein & McFarlan, 2011).

A broad definition of performance as defined by Payer-Langthaler and Hiebl (2013) is “intentional action”, thus performance measurement can be described as an assessment of the results from intentional action (Cordery & Sinclair, 2013). The results can be reflected by success or failure of the organizations in accomplishing their objectives (Helmig, Ingerfurth, & Pinz, 2014). According to Kaplan (2001), the success of an NPO should be measured based on the effectiveness and efficiency of the organization’s activities in fulfilling the needs and expectation of the stakeholders.

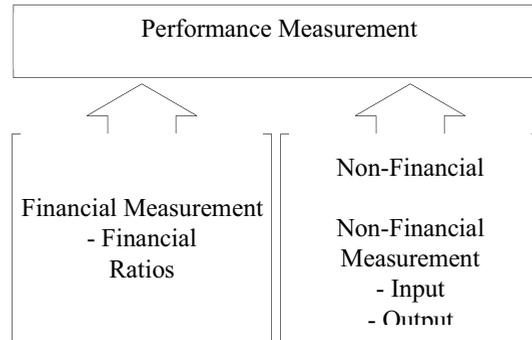
Effectiveness is defined as the possibility of an organization to accomplish the objectives of an activity, policy, other interventions (Scott, Burall, Highton, & Wong, 2008), programmes and operations (Cutt & Murray, 2002). On the other hand, efficiency refers to the utilization of resources for the attainment of desired results (Cutt & Murray, 2002) and maximizing the results of an action in relation to the resources used (Mihaiu, Opreana, & Cristescu, 2010). Hence, efficiency is related to the conversion of inputs into outputs and how inputs are transformed into output successfully, while effectiveness reflects the relationship between output and objectives (Sulaiman & Zakari, 2015). Helmig et al. (2014) and Lecy, Schmitz, and Swedlund (2012) have pointed that efficiency can be considered as a part and a subset of effectiveness. This view is supported by Mouzas (2006) who highlights that effectiveness has broader scope in which it consider quality, creation of value added, employee satisfaction, output interaction with the social and economic environment.

There are measurements that are being used in determining the performance of an organization. Zheng, Yang, and McLean (2010) in their study on assessing organizational effectiveness have adopted the measurement that relates to members’ perception of the overall success, profitability, growth rate, and innovativeness. However, since the main objective of NPO is not achieving financial success and profit maximization (Kaplan, 2001), the measurement of management effectiveness for the organization is more complex (Helmig et al., 2014). The measurement should not only be based on monetary factors but also on the extent of NPO reaction to moral values that inspire contributors and beneficiaries (Herman and Renz (1999). Fishel (2004) also argued that the measurement has to take into account other considerations whether the formation of the organization is to achieve social, cultural, welfare or religious objectives.

The management of *waqf* is associated with the concept of accountability and one of the mechanisms to discharge the accountability is through performance assessment. Since the main

purpose of *waqf* is to fulfil non-profit purposes and its nature is similar to NPOs (Ramli & Muhamed, 2013), the definition and measurement of performance for the NPO can be adapted to measure the performance of *waqf* institutions. In this study, both financial and non-financial aspects will be considered in measuring the performance of *waqf* institutions in Malaysia. The perspectives of *waqf* institutions performance measurement proposed in the study are depicted in Figure 1, below:

Figure 1: Proposed Perspectives of *Waqf* Institutions Performance Measurement



Financial Measurement – Financial Ratios

The effectiveness of an organization depends on the financial condition, vulnerabilities (Keating, Fischer, Gordon, & Greenlee, 2005), and sustainability (Helmig et al., 2014) of the organization. The organizations can enhance their effectiveness if they have sufficient fund and strong financial support from the funders. Previous studies have used financial ratios to indicate the financial performance and vulnerability of an organization. Items in the balance sheet and profit and loss account are commonly used in calculating the ratios (Cohen, 2008). The advantages of using the ratios are they are more comparable to organizations of similar activities, scalable, and collectable (Liket & Maas, 2015).

Several studies on performance of *waqf* institutions have been conducted which concentrated on the financial ratios as the performance measurements. Sulaiman et al. (2009) examined the accounting practices of the International Islamic University Malaysia's *waqf* fund and measured the management efficiency of the fund. The study focused on three ratios that were programme efficiency ratio, return of investment and fundraising efficiency ratio. In another study by H Pirasteh (2011) on the efficiency of *waqf* management by government and private agencies in Iran, the ratios used to measure the efficiency were disbursement to proceeds (objective achieved index) and the balance remaining for the year to total earning (the expected income achieved index). A study was conducted by (Shafii, Yunanda, & Rahman, 2014) which focused on ratios to measure the financial and operational performance of an SIRC and Majlis Ugama Islam Singapore. The ratios used in the measurement were net income, operating income, income growth, administrative efficiency, program efficiency, growth of program, fundraising efficiency and cash availability ratios. A recent study on the efficiency of *waqf* management by the State Islamic Religious

Councils in Malaysia was carried out Sulaiman and Zakari (2015) and the measurement focused on the financial vulnerability and sustainability ratios.

The ratios that were being used as performance measurement of *waqf* institutions are summarized in Table 1. These ratios are applicable and can be adopted to measure the fiscal strength of *waqf* institutions and will enlighten the *waqf* institutions on what information that is required to be disclosed in their reporting in order for them to exercise transparency and enable the stakeholders to evaluate their performance.

Table 1: Financial Ratios as *Waqf* Institutions Performance Measurement

No	Ratios	Description	Indication	Literature
1.	Programme Efficiency	Programme expenses to total expenses	Recommended ratio is 65%. Low ratio indicates that less beneficiaries receive the assistance or the total expenses are much too high. Higher ratio indicates that more expenses are disbursed to run programs	(Sulaiman et al., 2009) (Shafii et al., 2014)
2.	Cash Availability	Cash & Bank Balances to Total Assets	Indicate the amount of idle cash and bank balances. The higher the ratio tells that the organization maintain high amount of idle cash	(Shafii et al., 2014)
3.	Return of Investment	Investment Income To Average Investment	Indicate the return of investment on <i>waqf</i> assets.	(Sulaiman et al., 2009)
4.	Fundraising Efficiency	Total Fundraising Expenses To Total Funds Raised	Indicate the extent to which the organization is able to generate surplus from the donation	(Sulaiman et al., 2009) (Shafii et al., 2014)
5.	Operating Income	Core income to Expenses	Indicate the extent to which the income generated from core activities	(Shafii et al., 2014)
6.	Objective Achieved Index	Disbursement (output) To Proceeds (input)	Indicate the degree of achievement that <i>mutawalli</i> has fulfilled <i>waqif</i> designated objectives. If the ratio is closer to one, this indicates that there is a balance between disbursement and proceeds	(Hossein Pirasteh, 2011)
7.	Expected Income Achieved Index	The Balance Remaining For The Year To Total Earning	Indicate better income acquisition if the ratio is close to one.	(Hossein Pirasteh, 2011)
8.	Equity Balances	Ratio of equity to revenue	Indicate financial sustainability if the ratio is high	(Sulaiman & Zakari, 2015)
9.	Revenue concentration	Square of the percentage share that each revenue source represents of the total revenue	Indicate that organization has equal revenue from diverse sources if each ratio is close to zero. Revenue that has ratio close to one shows that it is dependent on one single source of income which is not healthy to the organization	(Sulaiman & Zakari, 2015)
10.	Administrative Efficiency	Ratio of administrative costs as a percentage of total costs	Determine the ability of the organization to control expenditure and impact of the control on service delivery	(Sulaiman & Zakari, 2015) (Shafii et al., 2014)
11.	Operating margin	Net income (or loss) divided by total revenue	Indicate the organization is financially stable if the ratio is high	(Sulaiman & Zakari, 2015)
12.	Income Growth	Income year n - Income year (n-1) divided by Income year (n-1)	Indicate the extent to which the organization is able to generate income from its activities from time to time	(Shafii et al., 2014)

However, there are a few weaknesses that can be associated with the application of financial ratios alone in measuring the performance of *waqf* institutions. These ratios measure the historical consequences rather than the causes of the event (Balabonienė & Večerskienė, 2015) which provide limited information on how and what need to be resolved. Furthermore, these measures do not reflect other essential strategic matters such as the performance of employees and customer satisfaction (Rahman, Mastuki, & Yusof, 2015). In *waqf* performance measurement studies, most of the researchers had to face the challenges especially in data collection stage due to the inconsistency and inadequate disclosure of *waqf* information in the annual report among the SIRC's (Masruki & Shafii, 2013), (Sulaiman & Zakari, 2015). Therefore, *waqf* institutions need to take into consideration the non-financial aspect of performance measurement as this will provide a wider coverage and useful information for them to discharge their accountability to the relevant stakeholders.

Non-Financial Measurement

Lecy et al. (2012) have conducted a comprehensive review of academic literature on NPO effectiveness over the past 10 years and summarized that one-dimensional measurement is not sufficient for measuring the effectiveness of an organization. They proposed four areas that can guide to a better measurement of organizational effectiveness based on managerial, program, network effectiveness, and legitimacy. Managerial effectiveness can be measured by financial ratios, human resource statistics, and balance scorecard; program effectiveness can be measured by program output and impact; network effectiveness can be measured by mobilizing actors through networks or control resources and the achievement of strategic objectives through participating in networks; legitimacy can be measured by the ability of an organization to raise fund, access to policy process, and gain support from partners and donors. A similar study has been conducted by Helmig et al. (2014) and found that the categories that can depict an organization success are goal achievement, financial performance, social performance, service quality, resource acquisition, survival, efficiency, stakeholder satisfaction, and organization transformation.

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

Input

Input refers to the resources that are dedicated to the operation, and is necessary for producing goods and delivering services of any organization. This perspective focuses on how financial and non-financial resources are being acquired and utilized efficiently in order to ensure sustainability, and support the operation in achieving the objectives of the organization (Helmig et al., 2014), (Mitchell, 2012), (Connolly & Hyndman, 2004), (Cutt & Murray, 2002), (Sillanpää, 2011). There are two approaches to advocate this perspective.

The first approach relates with acquisition and utilization of funds, assets, staff, training and preparation of program and services (Epstein & McFarlan, 2011). Examples of performance measurement for this approach as summarized by Lee and Nowell (2015) are increase in revenue, diversity in revenue stream, ability to acquire and manage human resources, employee satisfaction, motivation, retention. Additional measurements as suggested by Sillanpää (2011) are utilization of facilities and financial resources sufficiency.

In the context of *waqf*, the SIRC's receive *waqf* from the *waqif* in the form of cash, properties or securities. These are the resources that *waqf* institutions are obliged to take care of in accordance with the mission, objectives and functions of the institutions. Among the examples of criteria that are appropriate to measure the performance of the institutions resources or input are all *waqf* immovable properties are registered and gazetted under the SIRC's as required by the *Waqf* Enactment, increase in cash *waqf* collection, diversified method of cash *waqf* collection and the turnover of the employees managing *waqf*.

The second approach emphasizes on the efficiency in managing expenditures that relate with the resources and organization activities (Fishel, 2004). This approach is normally involved financial ratios in measuring the performance.

Output

Generally, output indicates the goods and services that resulted from the organization's activities (Mitchell, 2012), (Cordery & Sinclair, 2013). These perspectives measure the effectiveness in managing inputs that are related with the goals accomplishment (Berman, 2015), and associated with the short term objectives (Mitchell, 2012) of the organization. Based on the criteria of performance measurement summarized by Lee and Nowell (2015), the examples of output are on-time service deliveries, number of participants served, achieve specific goals and quality of services provided. In addition, Sillanpää (2011) focus on financial and quantitative measures such as cost per unit of service, client served and number of client visit.

The output of *waqf* management should also support the mission, objectives and functions of *waqf* institutions. Among the examples of performance measurement that are related with the output are distribution of the *usufruct* (benefit) to the *maukuf alaih* (beneficiaries), development of *waqf* properties, income generated from *waqf* properties and financial investment and fulfillment of *waqif* intention on *waqf* properties.

Outcome

Outcome is defined as the effects and impacts of the good and services delivered by an organization on the beneficiaries, (Cordery & Sinclair, 2013), (MacIndoe & Barman, 2012) and normally related with the long term goal of the organization (Mitchell, 2012). This perspective indicates the behavioral and environmental changes of the intended population as a result of the goods rendered and services received from the organization (Epstein & McFarlan, 2011), (Lee & Nowell, 2015). The impact is measured by comparing the level of beneficiaries attributes or population before and after they received the goods and services in order to know the effectiveness of the

organization's activities (MacIndoe & Barman, 2012). Buckmaster (1999) argued that outcome is the most appropriate measurement of an organization performance as it reflects the ultimate achievement of the organization goals and a way to enhance the accountability of the organization

Based on review of NPO performance literatures, Lee and Nowell (2015) identify two broad approaches in measuring outcome of organization activities and these approaches can be complementary to each other or segregated due to different methods in their measurement. The first approach deals with environmental changes approach in which performance of an organization is measured based on whether there is an accomplishment of substantial changes in the environment or targeted group (Cordery & Sinclair, 2013), (Packard, 2010). A few examples summarized by Lee and Nowell (2015) are improve in condition or status, increase in skills and knowledge and modified behavior or attitude the targeted population. The second approach focus on customer satisfaction in which the quality of goods and services rendered by the organization are being assessed based on the perception of customers through satisfaction and complaint survey. Among the elements of customer satisfaction measurement summarized by Lee and Nowell (2015) are accessibility, timeliness, condition of facilities, customer retention and gain of new customer. In the context of *waqf* institutions performance, the measurement can be increase in number of *waqif* and *waqf* properties, improve the awareness on the significant of *waqf* and participation among the society.

CONCLUSION

This paper discusses the conceptualization of *waqf* institutions performance based on financial and non-financial aspect of measurement. Extensive literature review was conducted on the performance measurement practiced by the NPO provide an understanding of the management best practices that can be adaptable by *waqf* institutions. The performance measurement perspectives discussed in the study are financial ratios, input into the organization, output produced by the organization by utilizing the input and outcome generate form the activities of the organization. These perspectives offer valuable guidance for *waqf* institutions to measure their performance comprehensively based on both financial and non-financial measurement. It is hoped that the practical relevance of this study would be able to help *waqf* institutions to improve their performance in order to discharge their accountability to the stakeholders.

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