



SOCIAL IMPACT MEASUREMENT AS A TOOL OF GOVERNANCE AND ACCOUNTABILITY FOR WAQF ORGANISATIONS

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ABSTRACT

This paper explores the role of Social Impact Measurement (SIM) as a tool for governance and accountability in waqf organisations, focusing on Malaysia. It investigates the application of SIM in four waqf organisations in Malaysia and aims to contribute to the understanding of its potential benefits and application. The study undertakes a critical review of the literature on governance practices within waqf organisations and examines how SIM could potentially enhance governance and accountability. Additionally, semi-structured interviews are conducted with four waqf institutions in Malaysia to gain insights into their SIM practices. The findings of the study show a positive correlation between effective SIM practice, good governance, and accountability. The interviews reveal the understanding of SIM, its implementation and challenges faced among waqf administrators in Malaysia. This study has limitation since only four waqf organisations were interviewed. However, this is a fair representation of each waqf category in Malaysia. Future research may expand the coverage to include more organisations in and outside of Malaysia. Further studies can also be designed to address the challenges identified and propose a comprehensive SIM framework tailored specifically for waqf organisations. In terms of practical implication, the findings of the study have significant implications for the government, waqf administrators, regulators, policymakers, and stakeholders interested in advancing SIM practices in waqf organisations. Recommendations are made to drive the implementation of SIM among waqf players, including increasing awareness of SIM and providing support, guidelines, and motivations to waqf organisations. This study also introduces and advocates for the adoption of SIM practices in waqf in Malaysia, highlighting their significance. Promoting good governance and accountability via SIM can enhance the multifaceted roles of waqf organisations in society.

Keywords: Social Impact, Measurement (SIM), Governance, Sustainability, Waqf

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INTRODUCTION

Waqf, which makes up an integral part of the social sector, has a rich historical legacy of promoting social welfare and justice in accordance with the objectives of Shariah (Ismail et al., 2015). Under the waqf system, an individual dedicates moveable or immovable assets for the sake of Allah in order to benefit society indefinitely. In addition to its religious purposes, waqf has played a pivotal role in various domains encompassing infrastructure development, agriculture, education, healthcare, and public amenities (Hoexter, 1998). In contemporary times, waqf institutions are also commonly referred to as third-sector organisations (TSOs) or non-profit organisations (NPOs).

Charitable work, including waqf initiatives, aims to establish a long-lasting and enduring impact while ensuring they remain sustainable in the long run. Achieving this objective requires a robust governance framework that ensures the continuity and professionalism of waqf organisations, facilitating the attainment of desired outcomes. Unfortunately, despite the wide recognition of waqf in Islamic history, the recent claims of lack of accountability and mismanagement among waqf administrators have tarnished the reputation of waqf organisations in the public eye (Ihsan et al., 2016). In Malaysia, institutions that manage waqf assets often face recurring issues of lack of management, mismanagement, and accountability (Ibrahim and Ibrahim, 2013). According to Abdul Latif, Nik Din, and Mustapha (2018), the inefficiency in waqf management is one of the governance impediments that negatively affect waqf sustainability and development. To revitalise the potential of waqf, there need to be concerted efforts focused on enhancing governance, transparency, and accountability of waqf organisations, as these aspects are intrinsically interconnected with sustainability. Among others, social impact measurement (SIM) has been regarded as an important tool of accountability and, therefore, has a huge potential to help strengthen governance (Zain & Hassan, 2023).

As such, this paper explores the possible role of SIM as a tool for governance and accountability for waqf organisations, with a focus on Malaysia. By examining the relationship between SIM, governance, and accountability, this paper seeks to provide valuable insights and recommendations to enhance the effectiveness and impact of waqf institutions in the modern context. This research will also add to the body of knowledge as there is currently limited research on SIM in waqf organisations.

LITERATURE REVIEW

Waqf – Definition and Objectives

The term waqf originated from the literal meaning of the Arabic word "waqf", which means "to stop" or "to halt" (Wehr, 1976). In the context of waqf as a legal concept, it signifies the act of stopping the transfer of ownership of a dedicated asset and dedicating it for religious, charitable, or philanthropic purposes. The idea behind this concept is to halt or suspend the normal flow of ownership and preserve the asset's benefits for the intended beneficiaries or designated purposes in perpetuity (Wehr, 1976).

Waqf is primarily associated with the construction and management of religious institutions like mosques. In fact, its scope encompasses a broader range of socio-economic welfare initiatives that benefit society at large. In practice, waqf has been established for the maintenance of universities, schools, hospitals, graveyards, orphanages, and various other facilities (Mahamood, 2000). Throughout the course of Islamic history until the present day,





waqf has served as a mechanism for fostering social and economic development within Muslim communities (Laldin & Furqani, 2013).

Waqf can also be considered a third-sector organisation (TSO) based on the UK National Audit Office, which defines TSOs as a spectrum of organisations that are neither within the public nor private sector. It includes 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). By this definition, waqf organisations are recognised as a form of TSO, making it a part of the integrated economic system but distinct from the public and private sectors (Hassan & Salman, 2018; Mohd Nahar & Mohamed Aslam, 2016).

The overarching objectives of waqf extend beyond specific acts of charity and are intended to serve the overall *maslahah* (benefits) of society (Laldin et al., 2012). According to Ibrahim and Khan (2015), these objectives encompass preserving waqf properties, which include protection from harm and destruction, illegal occupation, freedom from corruption, ensuring transparency and accountability, and fulfilment of conditions in the 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.

Waqf in Malaysia

Waqf administration in Malaysia is entrusted to the State Islamic Religious Council (SIRC) as the sole trustee of all waqf assets. This is in accordance with Article 3 of the Malaysian Federal Constitution, which grants the Malay Rulers and their respective state governments the authority over Islamic affairs, including waqf. To facilitate the management of waqf within their jurisdiction, SIRC establish dedicated waqf units or departments within their councils or agencies (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). As an autonomous body, the 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.

The Malaysian government has taken a number of steps to promote the development of waqf, including the introduction of corporate waqf, which entails the incorporation of corporate efforts to contribute to society through the concept of waqf, fostering economic growth and promoting longevity (Saad et al., 2017). In 2015, the Labuan International Business and Financial Centre (LIBFC) introduced a pioneering approach to waqf by establishing the Labuan International Waqf Foundation (LIWF). LIWF operates as an Islamic private foundation, following Shariah principles, while legally structured as a foundation under the Labuan Foundations Act 2010. LIWF stands out for its versatility, serving as an Islamic wealth management vehicle and supporting charitable endeavours, including addressing social welfare needs emphasised by LIBFC.





Governance in Waqf Organisations

According to Oxford's Advanced Learner Dictionary, governance is defined as an "activity of governing a country or controlling a company or an organisation; the way in which a country is governed, or a company or institution is controlled" (Hey & Suzanne, 2015). In addition to ensuring sustainability (Kolk, 2008) and enhancing firm value and performance (Che-Haat, Abdul Rahman, & Mahenthiran, 2008; Koh et al., 2007), governance serves as a mechanism to control the moral hazards of power through checks and balances (Fama & Jensen, 1983; Jensen & Meckling, 1976). According to the literature, good governance enables firms to increase overall performance, boost stakeholder reputation, minimise capital costs, and get easier financial access (Claessens et al., 2002). Meanwhile, poor governance can cause donors to withdraw funds from such organisations (Fisman and Hubbard, 2005).

Islamic concepts and values should underpin the governance framework for waqf institutions as they are, after all, one of the Islamic faith-based TSOs. The governance framework should align with Islamic principles and demonstrate the Islamic accountability of waqf managers (Ihsan & Ayedh, 2015). The best Shariah governance practices for waqf organisations include trustworthiness, accountability, God-consciousness (taqwa), a duty of promoting what is good and preventing what is evil (hisbah), and mutual consultation in decision-making (Alshater et al., 2021). Incorporating these principles into the governance framework ensures transparent reporting practices and upholds the Islamic values of waqf institutions (Alshater et al., 2021).

In the non-profit sector, accountability is a complex issue that goes beyond traditional governance understanding. Coule (2013) emphasises that theoretical developments in non-profit governance have lagged behind those in corporate governance. Empirical studies have examined the governance practices in waqf institutions. These studies have analysed waqf institutions' governance policies, boards, and processes, highlighting the need for improvement in certain areas (Kamaruddin & Hanefah, 2021). The findings emphasise the importance of transparency, accountability, and fairness in enhancing waqf governance (Zulkifli et al., 2022).

Accountability in Waqf Organisations

Pursuant to the discussion in the previous section on governance, 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; Hood & Heald, 2006; Midin et al., 2017). Accountability is one of the eight major characteristics or principles of good governance outlined by the United Nations (UNESCAP, 2019). It is a cornerstone for any governance system, including charitable organisations, to function effectively. It focuses on organisations' obligations, responsibilities, and transparency mechanisms to ensure they are answerable for their actions, decisions, and performance (Coule, 2013). Reciprocally, the roles of governance are essential as they reveal the existence of accountability, how accountability is discharged, the types of information produced and the information dissemination methods (Hyndman, 1990).

In addition, accountability also means that organisations make a commitment to respond to and balance stakeholder needs in their decision-making processes and activities and commit 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 (Ebrahim, 2003).





Accountability of an organisation can be reported in many ways, including financial and non-financial. According to Osman (2012), accountability can be divided into two broad categories which are relational accountability and personal accountability. The degree of relational accountability differs depending on the type of organisations, their stakeholders, and interests. Relational accountability includes downwards and upwards accountability, while personal accountability is also known as felt accountability. "Downwards accountability" refers to accountability to the organisations' beneficiaries, partners, employees, and advocators, while "upwards accountability" refers to the organisation's trustees, contributors, and respective local authorities (Edwards & Hulme, 1996). This is translated into being accountable to many parties in different ways. For example, being accountable to donors may require the organisation to report on the fund utilisation and management, while accountability to beneficiaries and internal stakeholders may mean giving the best of services and care within the organisation.

Islam is aligned with the conventional accountability concept described above. As an extension to that, Islam also believes that accountability stems from the concept of amanah (trust) and khalifah (vicegerent). Unlike the worldly and external focus in conventional accountability, Islamic accountability considers "everyone is answerable to Allah in the Hereafter" 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 the 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 downward accountability. However, the impact of this "felt accountability" on holistic accountability is still influenced by the organisational structure of the waqf organisation, i.e., systemic factor. Hierarchical structures could restrict officers' accountability, while decentralised structures could allow too much flexibility to waqf officers. In this case, balance is key.

Measuring performance could be seen as one of the most important indicators in measuring accountability. While it may overlap with the accounting perspective, performance measurement is among the most important aspects of accountability. However, the meta-analysis study of accountability in waqf by Ainol-Basirah and Siti-Nabiha (2022) revealed that waqf institutions are generally still lacking in terms of establishing a performance measurement system. Waqf organisations have been primarily relying on quantitative methods for assessing their performance. While quantitative measures remain central, it is imperative to broaden the scope of performance measurement in waqf to include qualitative measures, too, like the organisation's ability to make a social impact. Incorporating pertinent information regarding the impact of waqf initiatives can serve as a strategic tool to garner support and increase public confidence to continue to contribute to waqf (Ramli et al., 2018), thereby ensuring the survival and sustainability of waqf organisation (Connolly & Dhanani, 2013).

Social Impact Measurement (SIM)

According to Clark et al. (2014), "impact" is defined as the total outcome that happened as a result of the activity of the venture, above and beyond what would have happened anyway. Most definitions of social impact centre around the notion of change due to it being founded by the Theory of Change framework, developed by Carol Weiss in 1972 (Clark et al., 2004; Ebrahim & Rangan, 2014; Pedrini et al., 2014). The Theory of Change narrates the links between the activities executed by an organisation and its intended outcomes and how and why the desired change is formed (Pedrini et al., 2014; W.K. Kellogg Foundation, 2017).

In general, the measurement of social impact, or SIM, is a valuable tool designed to assess the changes in social impacts resulting from an organisation's activities (Epstein &





Yuthas, 2014). While most organisations focus on measuring outputs, such as the number of meals served to children in poverty, SIM goes beyond that and evaluates the ultimate impacts of those outputs on society and the environment. For example, by utilising SIM, consideration will be given to the quality of the meals and their impact on children's education.

Some keywords that have been used to conceptualise the construct of SIM include social value (Moss et al., 2011; Santos, 2012), social performance (Husted & Salazar, 2006; Mair & Marti, 2006; A. Nicholls, 2008), social returns (Emerson, 2003), social return on investment (Hall et al., 2015; J. Nicholls et al., 2009), and social accounting (A. Nicholls, 2009), which, although similar, could represent distinct constructs.

Recent discussions surrounding charity organisations have emphasised the importance of capturing and measuring their social impacts and values to the public (Arvidson & Lyon, 2014; Polonsky & Grau, 2010; Teasdale et al., 2012; Westall, 2009). This has led to the introduction and increased emphasis on SIM systems in NPOs. NPOs, or TSOs, face significant pressure to demonstrate good governance and effective management of charitable funds. Adopting SIM allows them to fulfil their accountability requirements, secure continued funding, and ensure the sustainability of their operations (Noordin et al., 2017).

Quantitative Methods

Performance measurement in TSOs initially relied heavily on quantitative methods, primarily focusing on financial reporting and self-reported data. Some of the methods have been categorised by Maas & Liket (2011) into the following:

Table 1: Social Impact Measurement Methods Adopted from Maas & Liket (2011)

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





According to Maas & Liket (2011), several methods that have been developed by or for NPOs or NGOs are SROI, OASIS, SCBA and LEM. Other methods like SRA, ACAFI, TBL, MIF, and BACO are more prominent in for-profit companies. Some methods can be adapted in other organisations they are initially intended for, as seen with the SROI. It was initially developed for NPOs, but for-profit companies benefit from this method too. Meanwhile, according to Gonul & Senyuva (2020), some of the most used SIM methods in social enterprises that are not in the table above are Cost-Benefit Analysis lately called Social Cost Benefit Analysis, Social Accounting and Basic Efficiency Resource (BER) Analysis. Due to the nature of the subjectivity of SIM depending on each organisation's mission, the methods can be used interchangeably.

Qualitative Methods

Over time, the approaches mentioned above began to evolve to include non-quantitative methods that depend on anecdotal evidence, such as storytelling. 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 for marketing consumer products (Woodside et al., 2008). It is sharing ideas and experiences through expressions of words and actions to communicate and make sense of 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 values while appealing to the audience's emotions (Bosheim, 2012; Pedrini et al., 2014). While this method is effective in transferring meaning to the audience, it is tedious as collecting stories from multiple beneficiaries across all projects and initiatives could take a long time and may be impossible (Pedrini et al., 2014). On top of that, stories alone do not verify and measure the initiatives' intended impacts.

METHODOLOGY

The study undertakes a comprehensive critical review of the literature on governance practices and the concept of accountability within waqf organisations, focusing specifically on how social impact measurement could potentially enhance them. To complement this review, a series of semi-structured interviews were conducted with four selected waqf organisations in Malaysia, providing valuable insights into their SIM practices. These organisations represent distinct categories of the waqf set-up mentioned in Section 2.1.1, namely waqf under the administration of the state government, waqf foundation under the federal government, corporate waqf, and the Labuan International Waqf Foundation.

The selection of participants within each organisation was based on criteria such as their knowledge, expertise, experience, and positions within the organisation, ensuring a diverse range of perspectives. A summary of the respondents is given in Table 2 below.

Table 2: Respondents of the interview

Organisation	Respondent's Position
A	Chief Executive Officer Manager, Collection Management Manager, Policy & Development Manager, Marketing & Corporate Management
B	Chief Operation Officer Head of Socio-economic Development Department





	Head of Shariah Department Head of Strategic Waqf Department Senior Executive, Corporate Comms & Marketing Department
C	Chief Executive Officer Lead, Project Management Executive, Project Management Lead, Media & Branding Executive, Media & Branding
D	Manager, Finance Manager, Collection Management

Source: Author

The interview process consisted of open-ended questions that allowed participants to express their thoughts, opinions, and experiences related to the research topic. The semi-structured nature of the interviews provided flexibility for both the interviewer and the interviewees, enabling a balance between following a predefined set of questions and allowing for the spontaneous exploration of relevant topics. Below are some of the key interview questions that guided the interview sessions:

- i. What are the current mechanisms that your organisation uses to demonstrate accountability to its stakeholders and measure social impact?
- ii. What is your perception of SIM in helping waqf organisations strengthen governance and fulfil its accountability to stakeholders?
- iii. What are some key challenges faced by your organisation in measuring impact?

FINDINGS AND DISCUSSION

From the literature review, it was found that there is a relationship between governance and accountability. By definition, SIM provides the avenue for waqf organisations to practice good governance that helps ensure the fulfilment of accountability. SIM has been proven to be a strong tool for accountability, which will be discussed in the next section.

SIM As a Tool for Governance and Accountability for Waqf

SIM plays a crucial role as a tool for governance and accountability for waqf organisations, which this section will elaborate. The connection can be made by first understanding the purpose of SIM. According to Epstein and Yuthas (2014), there are three main purposes for measuring impact. They are:

- 1. To learn:** Learning is one of the most fundamental justifications for measuring impact. SIM helps organisations identify their performance and confirm if the execution of their plans and strategies leads to the desired outcomes. There is no way to find out if an investment is actually having an impact unless performance is measured, and assumptions are verified. The learning happens while analysing their activities to meet the intended social impact. This includes learning about when and how your activities are most effective and how various aspects of your decision interact with each other to produce results. It also proves the





effectiveness and efficiency of the organisations in maximising the allocated resources (Arshad et al., 2018).

2. To act: Once the full nature of the above is clear, organisations may now guide their actions and decide on necessary changes or interventions to improve the results. For example, if they find that an intervention does not work for one group of subjects than another, they may make adjustments such as redesigning the initiative, communicating with stakeholders, or simply redirecting resources to another group where the intervention has a greater impact. Thereafter, organisations may have an internal reporting of impact to express what is valued within the organisation to drive behaviours that are aligned with those values.

3. To be accountable: Finally, accountability to stakeholders is a major justification for measuring impacts (Arvidson & Lyon, 2014; Epstein & Yuthas, 2014; Pathak & Dattani, 2014; Zain & Hassan, 2023). Organisations are obligated to provide an account of how resources are used, objectives are pursued, and impacts are achieved (Helmig et al., 2014). Accountability mechanisms such as SIM help ensure that organisations are transparent, responsible, and answerable to their stakeholders, including beneficiaries, donors, employees, and the broader community. By systematically measuring and evaluating the social outcomes and impacts of programs and activities, stakeholders' trust in the organisation also increases. SIM provides evidence of the organisation's contribution to the well-being of its beneficiaries and the wider community, promoting transparency, trust, and credibility.

By learning, making informed decisions and being accountable to stakeholders, the governance practices are also enhanced accordingly. The way SIM enhances the governance of an organisation is by providing a framework to assess the effectiveness and efficiency of its operations. It enables the organisation to set clear goals and objectives aligned with its mission and monitor progress towards achieving them. By measuring social impact, waqf organisations can ensure transparency, accountability, and responsible management of the Waqf assets. After all, 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. A strong governance framework promotes transparency, ethical behaviour, and effective decision-making within the organisation.

Pursuant to the arguments made above, SIM essentially supports the sustainability of waqf by enabling waqf organisations to understand the outcomes and long-term effects of their decisions, including decisions on financial investments and socio-economy initiatives. It helps identify improvement areas and optimise resource allocation to maximise social impact. By measuring the impact of waqf initiatives and financial investments, organisations can demonstrate their effectiveness to all stakeholders, thereby fostering continued support and sustainability. By integrating SIM into its governance framework, a waqf organisation fosters a culture of continuous learning, evidence-based decision-making, and accountability.

Social Impact Practice in Waqf Organisations in Malaysia

This research interviewed four waqf organisations in Malaysia, with each organisation representing each category of the waqf set-up mentioned in Section 2.1.1. They are the waqf foundation under the federal government (A), corporate waqf (B), Labuan international waqf foundation (C), and waqf under the administration of state government (D).





Findings from interviews conducted to investigate the practice of social impact measurement in waqf organisations in Malaysia revealed varying levels of engagement and awareness among the organisations interviewed.

Organisation A currently produces an annual report with a standard reporting template of its vision and mission, main operations and overview of collections and distributions, the activities conducted for the year, and financial report. The organisation also produces a separate Distribution Report of their cash waqf that provides a closer look and analysis of the distribution channels, beneficiaries, and cash waqf products. From the interview, it is found that Organisation A shows deep interest in developing SIM practices but is currently constrained by limited human resources, expertise, and funding. Despite these limitations, they are eager to proceed with the implementation of such practices in the near future, given the growing interest and trend in impact measurement.

Organisation B has taken initial steps to measure the impact of their activities by conducting interviews with the beneficiaries to gauge the impact of the projects on them. However, this approach proves to be time-consuming for them. On top of that, they also face limited time, human resources, and knowledge, particularly in determining appropriate SIM methods to measure the impact of their short-term relief projects and longer-term initiatives, i.e., projects focused on developing long-term and more sustainable projects with the beneficiaries. They also believe that the SIM will be a tool for them to enhance governance, build trust via effective marketing and assurance, and increase organisational efficiency (by improving their programmes with the data gathered). They do not see the need to measure impact as an accountability act to the external parties (like the donors) but only to the State Religious Council, who gave them the mandate to be the manager and administrator of waqf on behalf of the state.

Organisation C has actively embraced SIM and has already produced two impact reports for the years 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 constant communication with the beneficiaries, is resource intensive. Despite that, this method is still preferred as they found that continuous, direct conversations with beneficiaries often help them decide the next course of action that benefits the beneficiaries in the long run. 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, increases trust and helps raise funds too.

Organisation D recently published a report on their past 10-year journey from 2011 to 2021. The report mimics the format of an annual report, which includes the introduction of the organisation (vision, mission, board of directors, history, and organisational structure), financial position (waqf assets value, receipts, and distribution of waqf), waqf land management, lists of projects, activities, and programmes and their next 10-year plan. Based on the interview, Organisation D demonstrates the least awareness of impact measurement practices. Given their severe lack of resources, time constraints, and internal sustainability issues, they are unsure of how to begin measuring their impact. Nevertheless, they acknowledge the importance of social impact measurement as a tool for accountability and program effectiveness assessment and are keen to look into it in the near future.

The general and overall findings from the interview with the four waqf organisations revealed that social impact practices among waqf organisations in Malaysia are still very low. The awareness has increased, but some limitations, including lack of time, expertise, human capital, and budget, disable them from actively pursuing or implementing impact measurement in its full force for their organisations. On top of that, all of them commented that there is





currently no benchmark available in Malaysia that can guide them with their impact measurement, therefore reducing the urgency for them to put it into practice.

Organisation C is slowly moving towards the direction of impact measurement through its website and publication of impact reports. Although the report is still very brief and lacks depth, this is considered a good start. The reasons they are able to do this are:

1. Direction of organisation and leadership: Organisation C claimed that every decision made in the organisation is backed by data or research. Impact measurement is important data they collect and analyse 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, Organisation C can make evidence-based decisions that maximise the social return of the donations received.

2. Accountability: Organisation C sees SIM as a tool that helps the organisation report their achievements and impact to stakeholders, especially donors. Organisation C uses social media to reach out for donations and the sharing of fund utilisations. This fosters accountability and enables stakeholders to evaluate the organisation's performance and contributions.

3. Governance: the straightforward and flat organisation allows Organisation C to implement SIM. No strict and unnecessary bureaucracy prevents them from moving with the trend of impact measurement the moment they see it appropriate. From their perspective, SIM enhances their governance practices by allowing the team to assess their programmes and develop an effective framework to implement both impactful and sustainable programmes in the long run. Organisation C, as an organisation, aims to reduce poverty in one generation; therefore, the programmes they design are mostly multi-dimensional, addressing different needs of the recipients beyond financial needs. This includes emotional needs, spiritual needs, companionship, community safety and safeguarding their dignity.

4. Collaboration and engagement with experts: Organisation C 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.

Overall, all organisations interviewed agreed that SIM helps them remain accountable to their stakeholders, strengthening their governance and ensuring sustainability.

IMPLICATIONS OF THE STUDY

The findings provide useful insights into the importance of SIM as a tool of governance and sustainability for waqf organisations not only in Malaysia but all over the world. This study proposes the incorporation of SIM as an essential instrument for strengthening governance and ensuring the long-term viability of waqf organisations. To turn this into reality, waqf players and policymakers must first and foremost work on 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, and derive valuable insights from operational activities, perhaps the willingness among waqf participants to undertake impact measurement initiatives will ensue. Secondly, to ensure SIM can be implemented, the interview





findings revealed a need to increase resources such as workforce, budget, expertise, and technological investments. The initial investment in building the right team and infrastructure for impact measurement will be worthwhile because the information gathered from the exercise will eventually guide stakeholders to optimise resource allocation and maximise the social impact of waqf projects. Finally, regulatory bodies can play a pivotal supporting role by providing comprehensive guidelines, a robust framework, and targeted training initiatives. This increases the motivation for organisations to provide transparency, responsible management, and evidence of contributions to beneficiaries and the wider community.

Additionally, this study adds to the body of knowledge in the area of social impact measurement, specifically in waqf organisations, which is currently very limited. The connection of measuring impact to ensuring good governance has a lot to do with a strong sense of accountability. Waqf organisations, entrusted with significant resources and tasked with fulfilling charitable missions in line with Islamic principles, must maintain transparency, efficiency, and ethical conduct. Accountability mechanisms such as SIM have proven to help ensure that organisations remain accountable to their stakeholders, thereby contributing to their long-term sustainability and the fulfilment of their objectives. This study is also an attempt to encapsulate the need for a highly demanded performance measurement tool to meet the growing demand for social impact measurement, especially as waqf progresses rapidly with an increase in strategic partner involvement, more commercialisation of waqf projects and more delegation of power to third parties in managing waqf (Ainol-Basirah & Siti-Nabiha, 2022).

CONCLUSION

Waqf in Malaysia stands as a testament to the country's deep-rooted commitment to social welfare, education, and community development. Over the centuries, the practice of waqf has evolved and adapted to the changing needs of society, leaving a lasting impact on various sectors. As Malaysia continue her journey of progress, waqf will undoubtedly remain an integral part of the nation's ethos, playing a vital role in fostering sustainable development and advancing the welfare of its people. To facilitate this journey, this study proposes the incorporation of SIM as an essential instrument for strengthening governance accountability and ensuring the long-term viability of waqf organisations.

This study is not without limitations. Due to limited funds and time, this research could only interview four waqf organisations in Malaysia. While this is a fair representation of each waqf category in Malaysia, for accuracy and effective solutions, future research may look into interviewing more organisations with different understandings of SIM and face different challenges in implementing SIM. Not only that, but future research may also include waqf organisations from other jurisdictions, such as other Muslim-majority countries, who are championing waqf in their ecosystem. While the awareness of impact measurement has increased in the non-profit industry, the awareness within faith-based NPOs such as waqf remains unexplored and, therefore, can be investigated further. Finally, further studies can be designed to propose solutions to the challenges faced by the waqf organisations in implementing SIM, which includes designing a comprehensive SIM framework tailored specifically for waqf organisations.

In summary, SIM serves as a tool that enhances an organisation's accountability, thereby strengthening its governance practices. By integrating SIM into their governance framework, waqf organisations worldwide, including Malaysia, can foster a culture of continuous learning, evidence-based decision-making, and accountability, thereby supporting the sustainability of waqf initiatives and investments.





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