

THE DETERMINANTS OF WAQF SUSTAINABILITY IN MALAYSIA: A PLS-SEM ANALYSIS

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ABSTRACT

Over the years, Waqf institutions has played an important role in addressing range of socio-economic development of *ummah* in the world. Waqf has been growing with time and there are increasing expectation surroundings the role of Waqf institutions. Nevertheless, lately the performance of Waqf institutions in Malaysia have cope with issues of inefficiency. According to the literature, inefficiency of Waqf performance is associated with internal factor which is Waqf management. Due to the matter, researchers agreed that Waqf institutions is in need of a holistic Waqf management reform to solve the arise issues. Following the issue, this study investigates the effect of efficient Waqf management determinants on the sustainability of Waqf institutions for long term growth in Malaysia. This study used a quantitative research methodology and a selected sample of 99 respondents in Waqf institutions were analyzed. The results were examined using partial least squares-structured equation modelling (PLS-SEM). This study empirically reveals that the determinants of efficient Waqf management positively influence the sustainability of Waqf institutions for long term growth. The result of this study will enhance the understanding of existing conceptual literature on the important of comprehensive Waqf management determinants in influencing the sustainability of Waqf institutions in Malaysia.

Keywords: Determinants of Waqf Management; Sustainability; Waqf Institutions; Malaysia.

Received: 2 October 2019

Accepted: 31 December 2020

<https://doi.org/10.33736/ijbs.3164.2021>

1. INTRODUCTION

Literally, Waqf is regarded as a pious endowment and is connected firmly to the religious percept of charity. Despite no specific evidence to be referred to Waqf in al-Quran, Waqf has served the broad societal objective of charitable deeds in Islam (Sani, Bustaman, Saidin, and Bani, 2017; Arshad, Zain, Urus & Chakir 2018; Mahamood & Rahman, 2015). The evolution of Waqf went through considerable growth, stagnation and even downturns (Cizacka, 2004). Similar in Malaysia, Waqf has been growing with time and there are increasing expectations surrounding its management. According to Sani et al., (2017), the role of Waqf today does not only significantly contribute to the human civilization in the Muslim world, it also extends to other social purposes such as to reduce poverty rate, to support the country's education system, to facilitate the

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agricultural sector, as well as to disseminate culture within the Muslim societies. Thus, today, Waqf is viewed as one of the potential instruments to stimulate the economic and social development of ummah (Arshad et al., 2018).

However, based on the statement from Auditor-General's Report States 2014 (series 3) by Malaysia National Audit Department, it was informed that the overall performance of Waqf properties was less satisfactory particularly in SIRCs (State Islamic Religious Councils) of Selangor, Sabah, Negeri Sembilan, Melaka, Perlis, and Kedah. In Selangor for example, auditor found that around 87.6% of Waqf properties' ownership have not been gazetted under the council, around 75.3% of the benefits of Waqf properties remained untapped, and around 27.5% of Waqf properties yet to be registered under the administration of the council. Whereas in other SIRCs such as Sabah, Negeri Sembilan, Melaka, Perlis and Kedah, the auditor reported the overall management of Waqf properties as less satisfying due to several issues such as the record of Waqf properties was not updated, the council did not gazette all properties, investment and Waqf assets entrusted under SIRCs, and many Waqf lands were not properly developed.

Ismail, Salim, and Hanafiah (2015) indicated such issues arise due to problems in the management of Waqf institutions; such as lack of statutory provision in the present legislation regarding Waqf affairs, no standardization in the procedures for vesting order of Waqf lands and properties, and countless issues involving ownership and registration of Waqf land. Moreover, lack of knowledge and expertise as well as inefficiencies have also compounded the problems, which in turn affecting sustainability of Waqf institutions for long-term growth (Amuda, Razak, & Ahmed, 2016; Shabbir, 2018; Arshad et al., 2018).

A few strategies have been introduced to overcome the sustainability issues of Waqf institutions. These include the development of corporate Waqf by a private corporation in collaboration with SIRCs and banking institutions (Azmi, Hanif, & Mahamood, 2016; Sadr & Karbalaei, 2016; Mohsin, 2014); as well as the introduction of saham Waqf (Waqf share) as a new source of Waqf funding (Rahim, Beta, Aris & Ruzaiman, 2016; Noor, Alim, Abdullah, & Tahir, 2016). Even though, these steps have been taken to overcome the increasing number of problems in Waqf management, a holistic management reform is needed to make the Waqf institutions more effective and efficient. The introduction of Waqf management determinants that consist of strengthening relevant policies and legislations, enhancing capacity and capability of human capital, intensifying an entrepreneur financing programme, strengthening enabling infrastructure and effective governance will be addressed as a platform of upholding the sanctity of the teachings of Islam. Hence, to fill the gap in the literature, this study presents empirical findings of the determinants of efficient Waqf management to the sustainability of Waqf institutions for long term growth in Malaysia.

Therefore, the objective of the present study is to investigate the relationship between the efficient Waqf management determinants (i.e., strengthening relevant policies and legislations, enhancing capacity and capability of human capital, intensifying an entrepreneur financing programme, strengthening enabling infrastructure and effective governance) towards the sustainability of Waqf institutions in long term growth in Malaysia.

The proposed model in this study has the potential to be adapted by the Waqf administrators or conventional philanthropic organizations where the measurement of the objectives' element is

applicable. Furthermore, an effective governance and managing new source of funding is very important to waqf management emerging area of inquiry. Few studies have agreed the important of good governance and searching and managing new sources of funding for Waqf endowments can boost the sustainability of Waqf institutions for long term growth.

Following this introduction, Section 2 contains the past literatures on Waqf determinants. Section 3 describes research methodology. Section 4 presents the findings. Section 5 offers discussions of the findings and Section 6 is the conclusion and suggestions for future research.

2. LITERATURE REVIEW

In improving the sustainability of Waqf institutions in long term, it is important for the management of Waqf to be equipped with relevant information and skills in order to guide and make effective decision making. In the previous literature, the performance of Waqf institutions has been conducted based on the financial analysis whereby the financial ratios become a proxy for performance indicators (Siraj, 2012; Shafii, Iqbal & Tasdemir, 2016; Sulaiman & Zakari, 2015). Lucy, Schmitz, and Swedlund (2012) stated one dimensional measurement is not sufficient in measuring the performance of non-profit organization as the nature of the business as non-profit organization is not focusing on monetary factors. It is recommended to take into consideration the non-financial factors as a proxy for performance where it will wider the coverage and provide useful information in improving the performance of non-profit organization. This idea is supported by Arena, Azzone, & Bengo (2015); Noordin, Haron, & Kassim (2017); Arshad & Zain (2017); Arshad et al., (2018). Thus, this study highlighted the non-financial aspect that can boost the Waqf institutions performance especially by improving the management of Waqf institutions.

2.1 *Sustainability of Waqf Institutions for Long Term Growth*

Sulaiman and Zakari (2015; 2019) used sustainability of growth dimension to measure financial health of Waqf institution, which is guaranteeing their perseverance in facing uncertain economic conditions and henceforth enhance their management and operations in sustaining the growing demand for Waqf services in the future. This is in line with the concept of perpetual existence under the characteristics of Waqf. Furthermore, Mitchell (2012) emphasized that sustainability is also normally related to the long-term goal of the organization. To discern the effectiveness of the organization's activities, the impact or outcome is measured by comparing the level of beneficiaries' population or characteristics before and after they received the goods or services (MacIndoe & Barman, 2012). Usually, the most appropriate performance measurement of an organization is based on how it reflects the ultimate goals and objectives of the organization, as well as way to enhance the accountability of the organization (Cordery & Sinclair, 2013; Lee & Nowell, 2015).

2.2 *Strengthening relevant policies and legislations*

The empowerment of Islam and the handling of its affairs by respective State government have important implications for its interpretations; and consequently, the operation of some fundamental practices of Islam. Shatzmiller (2008) stated that the legal system that defines and regulates the Waqf institutions in Malaysia has failed to provide suitable institutional arrangements, and its ideology and the State have also failed to implement the public good property right. Each state has

its own rules and regulations in governing the administration of Islam and its relevant matter. Siraj and Ismail (2015) specified that these situations have led to confused application of some aspects of Islamic laws, in which includes the Waqf practices. Therefore, Ismail et al., (2015) suggested that for the performance of Waqf management be more well-organized, Waqf institutions to have a specific legal framework that can be implemented by SIRCs in Malaysia. An effective strategic planning framework also needs to be formulated by each SIRC, so that the inefficiency of Waqf management can be reduced and eventually, eliminated (Siraj & Ismail, 2015). Furthermore, Puad, Rafdi, and Shahar (2014) recommended that a manual of Waqf implementation should be prepared. This is to provide an accurate and sufficient information on how to improve and increase the efficiency and effectiveness of the management of Waqf institutions. Therefore, it is hypothesized that:

H1: Strengthening relevant policies and legislations will be positively correlated with sustainability of Waqf institutions for long term growth in Malaysia.

2.3 Enhancing capacity and capability of human capital

Chowdhury, Chowdhury, and Muhammad (2012) indicated in some Waqf institutions, the Waqf management teams are found to be unqualified in the Waqf area. Therefore, Mahmood, Mustaffha, Hameed and Johari (2016) recommended that Waqf institutions be managed by knowledgeable, qualified, and professional employees who are familiar with Shariah laws, as well as Islamic principles. Furthermore, the Shariah Advisory council should also be part of important human capital in the management of Waqf institutions. It is important to hire qualified and professional managers in regard to Shariah related issues. This is to ensure accountability in the Waqf institutions. Puad et al., (2014) indicated that, even for secondment cases within the Waqf institutions itself, such as no immediate replacement to the position, may definitely bring great impact in terms of the management of the institutions. This is particularly significant if the person who being the secondment is someone holding important role in decision-making process. Thus, it is important to select and hire qualified, knowledgeable, and those with good Waqf management skills to oversee the tasks, so that the productivity and effectiveness of the Waqf institutions can be improved. Therefore, it is hypothesized that:

H2: Enhancing capacity and capability of human capital will be positively correlated with sustainability of Waqf institutions for long term growth in Malaysia.

2.4 Intensifying an Entrepreneur Financing Program

Currently, the role of Waqf institutions as third sector is becoming increasingly important. This is due to the size and scope of formal-sector financial institutions that are small and limited. Hence, the role of Waqf institutions in the Islamic finance framework provides a useful tool to fill the gap by providing effective social intermediation within the country. Haneef, Muhammad, Pramanik, and Mohammed (2014) mentioned that the lack of finance and business training requires finance institutional support to unleash the potentials of micro-entrepreneurs and to establish feasible micro-enterprises. To increase the growth-oriented micro-finance programs, financial organizations need to provide training, insurance, and skills enhancement facilities to the entrepreneurs. The suggestion of establishing Waqf-based financing institutions that serve the society has been made by various scholars (Cizacka, 2004; Khazzam, 2015). In the 11th Malaysia Plan (2016-2020), the government proposes the establishment of micro-finance institutions based

on *zakah*, *Waqf*, and *sadaqah*. It suggests that the funds received from Waqf, sadaqah and zakah be used to finance productive micro-enterprise at a subsidized rate or interest free loan (*qard’ul hassan*). Therefore, it is hypothesized that:

H3: Intensifying an entrepreneurs financing programme will be positively correlated with sustainability of Waqf institutions for long term growth in Malaysia.

2.5 Strengthening Enabling Infrastructure

To ensure a more effective Waqf management, Isa, Ali, and Harun (2011) recommended that the ICT facility of Waqf institutions to be more systematic and used by all administrators in the country. By improving the ICT facilities, it can facilitate the administration of Waqf. This allows the identification of information related to the status of Waqf properties such as total number of lands being gazetted under the institution, land that has proceeds, purpose of Waqf contribution, total space of Waqf lands, and many more. Furthermore, Puad et al., (2014) also suggested that from time to time, the database also needs to be updated and improved. This is to ensure the Waqf institutions have a systematic and an efficient Waqf management, as well as speeding up the process of searching information. The utilization of ICT system is important as it is in line with the National Transformation 2050 (TN50) introduced by the former Malaysia Prime Minister, YAB Datuk Seri Najib bin Tun Abdul Razak, as a way towards a developed and high technology country. Therefore, it is hypothesized that:

H4: Strengthening enabling infrastructure will be positively correlated with sustainability of Waqf institutions for long term growth in Malaysia.

2.6 Effective Governance

The argument about governance is often connected to accountability. In Islam, accountability is considered as a central theme. This is because accountability to Allah (SWT) and the society, is the foundation to a Muslim’s faith and believe (Ihsan & Ayedh, 2015). The concept of accountability is far different from the conventional concept in view that it needs to be explained from the perspective of Islamic accountability. Accountability from western perspective is considered different from Islamic accountability as westerners believe that accountability has nothing to do with the matter of religion (Lehman, 2004). In fact, they have abandoned the dimension of religion from their social systems. However, in Islam, the interpretation of accountability involves *ibadah* (servitude to Allah SWT), and *amal saleh* (virtuous deeds) for *al-Falah* (benefit) of the people for both *dunya wa akhirat* (world and hereafter) (Ihsan & Ayedh, 2015). Therefore, Noor et al., (2016) proposed some Islamic values such as, *ikhlas*, *amanah*, *adala*, and *shura*, which should be possessed by every staff handling the operation of Waqf. All of these Islamic values represent accountability, in which the management of Waqf institutions has to be accountable and responsible while discharging the duties entrusted upon them to improve the performance of Waqf management. Therefore, it is hypothesized that:

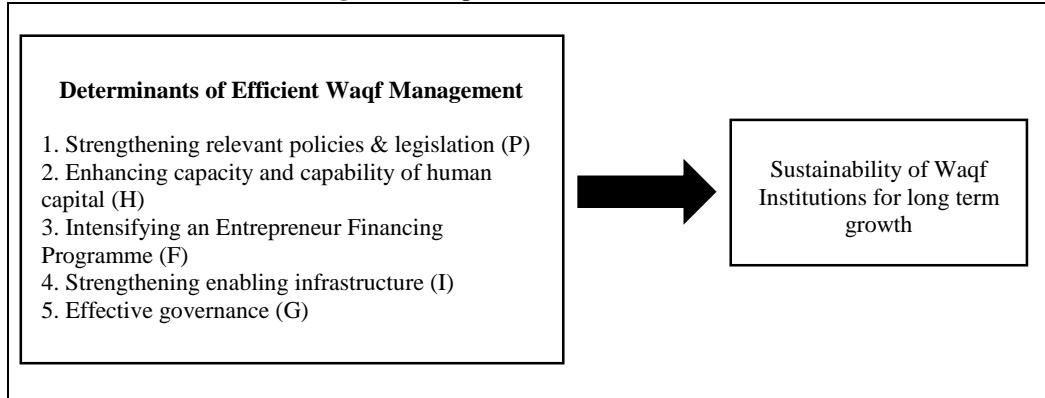
H5: Effective governance will be positively correlated with sustainability of Waqf institutions for long term growth in Malaysia.

3. METHODOLOGY

3.1 Research Framework

Based on the hypothesis developed from the literature review, Figure 1 presents the proposed research framework according to the hypotheses.

Figure 1: Proposed research framework



3.2 Questionnaire design, pre-test, and sampling procedure

Based on the research framework and the hypothesis of this study, a questionnaire is established as the survey instrument to investigate the efficient Waqf management determinants to create sustainable Waqf institutions. To ensure validity of the content, the study drew the questionnaire items from literature reviews and modified the items to fit the study.

This study adopted the five-point Likert-type scale developed by Likert (1932) ranging from (1) “strongly disagree” to (5) “strongly agree” to measure the elements of proposed model. To assess the determinants of efficient Waqf management on sustainability of Waqf institutions for long term growth, construct of the model was adapted based on the guidelines as stated in the CFA Institution’s Investment Management Code of Conduct for Endowments, Foundations, and Non-charitable Organization (2010). The data collection was done between March and May 2019. The structure of questionnaire is divided into three parts, which is: (1) Demographic profile; (2) Determinants of efficient Waqf management; (3) Sustainability of Waqf institutions for long term growth assessment.

Based on the findings of the pre-testing, the research further modified the questionnaire in order to improve its readability and reliability prior to its use in the formal survey. Moreover, the research sought to purify the instrument by removing items with low corrected item-to-total correlation values and conducting an exploratory factor analysis to delete items that were not properly loaded on a factor. The finalized questionnaire version consisted of 22 items (see Table 1), which corresponds to five items including strengthening relevant policies & legislations (5 items),

enhancing capacity and capability of human capital (4 items), intensifying entrepreneur financing programme (5 items), strengthening of enabling infrastructure (5 items) and effective governance (3 items).

The primary data were gathered and were distributed to Waqf administrators in Malaysia. Before finalizing, the subject experts in the areas of Waqf and *Shariah* were requested to provide suggestions to confirm the content validity of the questionnaire. The research conducted a pretest in a small group to ensure that respondents could understand the questionnaire items.

Smart PLS 3.0 was used for statistical analysis of the data collected. The assessment of the Partial Least Square-Structural Equation Modelling (PLS-SEM) and the reporting of the output followed the recommendations of Hair, Gabriel, and Patel (2014) and Ramayah, Cheah, Chuah, Ting, and Meman (2016).

4. RESULTS AND DISCUSSION

4.1 Sampling and Questionnaire Items

A pre-testing was done on 30 Waqf experts with working experience of five years and above in the Waqf institutions. Purposive sampling was used to represent the population due to the small number of populations in the Waqf institutions. On another note, the present study also employed the snowball technique due to the small number of the potential sample who are experts in Waqf related matters (Browne, 2005). In total, 99 responses consist of Waqf administrators in 14 SIRC, Yayasan Waqf Malaysia and JAWHAR were collected as a sample from the total population that consisted of 152 respondents, which is equivalent to 65% of the total population.

Table 1: Questionnaire items and their derivation sources

Strengthening relevant policies & legislation (P) [Adapted from: Shafii et al., (2016); Siraj & Ismail (2015); Ismail et al., (2015)]	
P1	The legal framework can ensure the development of Waqf institutions.
P2	Waqf Act for federal territories shall be approved and become a guideline for the management of Waqf in the state level.
P3	The management of Waqf Council should frequently review the laws and regulations to ensure it fit to the current Waqf environment.
P4	Waqf institutions should develop and strengthen its relationships with stakeholders to fortify the endowment policy and legislation.
P5	Waqf publications and manuals can help to create a uniform system of governance as a guideline and reference for the state Waqf management.
Enhancing capacity and capability of human capital (H) [Adapted from: Johari, Mustafha & Hameed (2016); Puad et al., (2014)]	
H1	Knowledgeable, skilful, and innovative Waqf managers are pertinent to implement the guidelines provided by Waqf board.
H2	The management should improve the selection and screening process in selection of human capital to ensure the Waqf institution employ the best potential and skilful officers.
H3	Expertise officials from other departments and agencies can replace the shortage of skilled workers in the institution of Waqf.
H4	Limited human resources can limit the efficient management in the administration of Waqf.

Intensifying an Entrepreneur Financing Programme (E) [Adapted from: Khazzam (2015); Haneef et al., (2014)]

- E1 Funding from sustainable and responsible investment (SRI) such as SRI sukuk can encourage entrepreneurship activities in development projects related to Waqf.
- E2 The SRI sukuk allows endowments and easy to get access to funding development in Islamic capital market.
- E3 SRI Sukuk seen as a solution to overcome the problem of development of Waqf today stemming from a lack of funds to finance the development and maintenance.
- E4 With the advent of SRI sukuk, development of Waqf asset can be carried out more efficiently, accompanied by a wider investor, and raising more capital and steadier.
- E5 Endowments can help provide capital funding to help start a business, the increase in business capital, and help purchase equipment business than rely on government funding.

Strengthening enabling infrastructure (I) [Adapted from: Basyoni (2016); Puad et al., (2014); Isa et al., (2011)]

- I1 A comprehensive information system that displays the most recent data on endowments should be developed.
- I2 Infrastructure, systems and more efficient ICT equipment needs to be improved.
- I3 ICT technical support service that are efficient and responsive should be enhanced to ensure the ICT equipment is always in good condition.
- I4 High-impact application need to be developed to ensure an effective application system in the institutions.
- I5 Insufficient financial allocation restrains the needs of ICT development stunted.

Effective governance (G) [Adapted from: Arshad & Zain (2017); Mahmood et al., (2016)]

- G1 Board members must take upon themselves to ensure that they expressed with Islamic principles values (e.g. amanah, ikhlas, adil, ihsan) is fulfilled.
- G2 Waqf members must take upon themselves to be answerable to Allah, make decisions through musyawarah process, and are transparent in all decision making.
- G3 Waqf management committee must demonstrate transparency and accountability in undertaken their roles and responsibilities.

Sustainability of Waqf Institutions for long term growth (S) [Adapted from: Lahasna (2014); Ramli & Jalil (2014)]

- S1 Proactive regulations need to continuous reforms for the sustainability of Waqf institution in long term.
- S2 Issues relating to accountability of mutawallis should be explicitly addressed with effective preventions against mismanagement and inefficient problems.
- S3 Introduce new sources of Waqf assets as a wealth creation for improving the sources of funding such as sukuk Waqf, REIT Waqf, and Waqf SRI (socially responsible investment).
- S4 Expanding the development of Waqf to other beneficial and new sector such as transportation and ICT.

4.2 Demographic Profile

Table 2 shows the demographic profile of the sample population. More than half of the respondents are female (53.5%), while 46.5% of them are male. The majority of respondents are between 26 and 45 years of age (79.8%). On another note, more than half of the respondents are degree holders (60.6%), whilst diploma and master's holders are at 23.2% and 16.2%, respectively. Meanwhile, more than half of the respondents are from the State Islamic Religious Councils (SIRCs) institutions (64.6%), while Department of Awqaf, Zakat, and Hajj (JAWHAR) and Malaysia Wakaf Foundation (YWM) are represented by 14.1% and 21.2%, respectively. From the total respondents, half of the respondents are executives (58.6%), followed by managers (10.1%), officers (19.2%),

and others (12.1%). Most of the respondents have 6 to 10 years of experience in Waqf industry (44.4%), followed by 1 to 5 years of experience (37.4%), less than a year experience (10.1%), and lastly, 11-15 years (8.1%).

Table 2: Demographic Profile (N=99)

Demographic Characteristics	Frequency	Percentage (%)
Gender		
Female	53	53.5
Male	46	46.5
Age		
18-25	16	16.2
26-35	49	49.5
36-45	30	30.3
46-55	4	4.0
Education		
Diploma	23	23.2
Degree	60	60.6
Master	16	16.2
Institution		
JAWHAR	14	14.1
YWM	21	21.2
SIRCs	64	64.6
Position		
Manager	10	10.1
Executive	58	58.6
Officer	19	19.2
Others	12	12.1
Experience		
Less than 1 year	10	10.1
1-5	37	37.4
6-10	44	44.4
11-15	8	8.1

4.3 Measurement Model

The measurement model is the model that shows the relationship between response items and their underlying latent construct (Hair et al., 2014). This model was assessed using item loadings, convergent validity, reliability of measure, and discriminant validity. For convergent validity, it is the degree to which multiple items measuring the same concept are in agreement. To assess convergent validity, the researcher needs to examine the outer loadings of the indicators as recommended by Hair et al., (2014) to be at 0.70 or higher. However, according to Hulland (1999), for exploratory study, 0.40 or higher is acceptable.

Next, the researchers need to examine the average variance extracted (AVE), in which all the constructs must meet the recommended minimum requirement of $AVE > 0.50$ (Fornell & Larcker, 1981). Furthermore, composite reliability (CR) and Cronbach's Alpha were used to assess the reliability of the measures. Normally, the values of CR should be between 0.70-0.90 (Nunnally, 1978; Hair, Hult, Ringle, & Sarstedt, 2017) but it is not desirable if values are greater than 0.90 as

it indicates all the indicators are measuring the same phenomenon. However, if the study is exploratory, 0.60 or higher is acceptable for both reliabilities (Bagozzi & Yi, 1988). Urbach and Ahleman (2010) suggested that the minimum acceptable values for loading should be ≥ 0.4 but must be contributing to AVE scores of > 0.50 and CR should be > 0.60 .

Table 3 shows the results of all the items' outer loadings are above the recommended threshold of ≥ 0.40 , where all CR scores > 0.70 and AVE scores > 0.50 . Cronbach's Alpha also shows the scores of ≥ 0.70 to indicate internal consistency in the model (Henseler, Hubona, & Ray, 2016).

Table 3: Measurement Model

Construct	Items	Cronbach's Alpha	AVE	CR
Entrepreneur (E)	5	0.809	0.561	0.863
Governance (G)	3	0.803	0.725	0.885
Sustainability (S)	4	0.833	0.668	0.889
Human Capital (H)	4	0.723	0.545	0.827
Infrastructure (I)	5	0.766	0.506	0.829
Policy (P)	5	0.841	0.508	0.831

Next is to test discriminant validity of the study. Discriminant validity is referred as the degree to which items differentiate among constructs. Normally, the diagonal values in bold are the square roots of AVE, while other values are the correlations between the respective constructs. According to Fornell and Larcker's (1981) criterion, the square root of AVE of a construct should be larger than the correlations between the construct and other constructs in the model. Table 4 indicates that all constructs exhibit satisfactory discriminant validity, where the square root of AVE (diagonal in bold) is greater than the correlations for all reflective constructs.

Table 4: Discriminant Validity using Fornell and Larcker Criterion

	Entrepreneur (E)	Governance (G)	Sustain- ability (S)	Human Capital (H)	Infrastruc- ture (I)	Policy (P)
Entrepreneur (E)	0.7492					
Governance (G)	0.1954	0.8515				
Sustainability (S)	0.4467	0.528	0.8172			
Human Capital (H)	0.2668	0.421	0.5002	0.7383		
Infrastructure (I)	0.1278	0.3687	0.4677	0.2659	0.7112	
Policy (P)	0.2925	0.8224	0.3707	0.5623	0.3417	0.7129

Therefore, based on the results in Table 3 and 4, the reflective measurement model can be said to have met internal consistency, convergent and discriminant validity.

4.4 Structural Model

The structural model is the model that demonstrates the correlation among the measurement model in the study. To evaluate the structural model, bootstrapping is used with re-sampling of 500, which suitable for exploratory purposes. According to Garson (2016), bootstrapped is significant as it is

often used when data cannot be assumed to be normal, in which usually the distributional properties of PLS estimates are not known for the population; and thus, bootstrapping is appropriate. In this phase, the path estimates and t-statistics are calculated for the hypothesized relationship. The results of the structural model are presented in Table 5.

Table 5: Bootstrapping

	Path Coefficient	Standard Deviation	t-values	Decision
Entrepreneur (E) → Sustainability (S)	0.3536	0.1166	3.0326**	Supported
Governance (G) → Sustainability (S)	0.7149	0.2704	2.6442**	Supported
Human Capital (H) → Sustainability (S)	0.3877	0.1207	3.2128**	Supported
Infrastructure (I) → Sustainability (S)	0.2715	0.0886	3.0645**	Supported
Policy (P) → Sustainability (S)	-0.6315	0.3254	1.9403	Not Supported

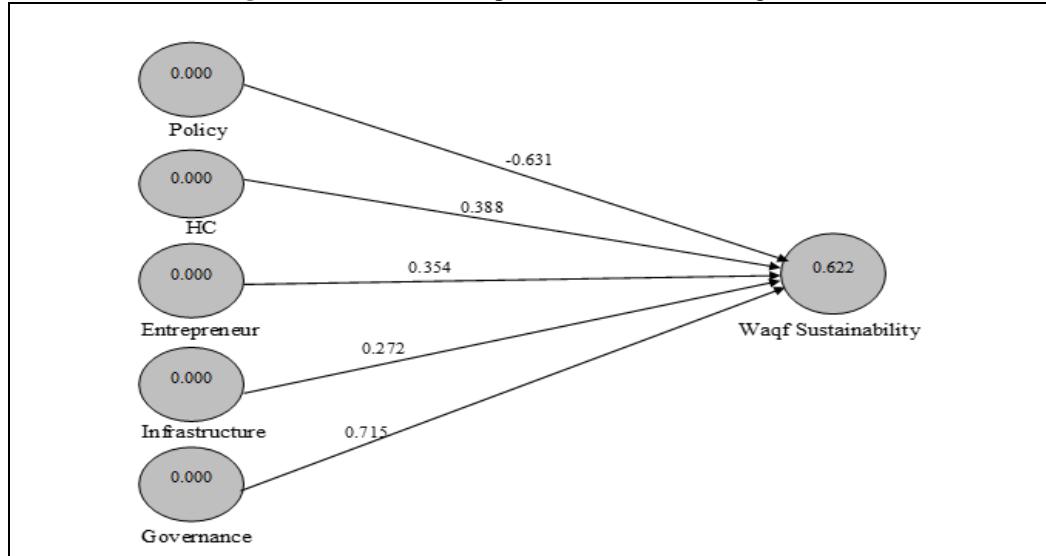
*p < 0.05, **p < 0.01.

Based on the result, hypothesis 1 predicted that by strengthening relevant policies and legislations would have a positive correlated on sustainability of Waqf institutions growth ($t = 1.9403$, $\beta = -0.6315$, $p < 0.0529$). However, this result was not consistent with the hypothesis. This finding would indicate that strengthening relevant policies and legislations negatively affects the sustainability of Waqf institutions growth in Malaysia. No previous study had tested for the influence of strengthening relevant policies and legislations in sustainability of Waqf institutions. Therefore, this finding accepted the null hypothesis that there is no relationship between strengthening relevant policies and legislations on the sustainability of Waqf institutions growth in Malaysia. Next, hypothesis 2 predicted that by enhancing capacity and capability of human capital would have a positively correlated towards the sustainability of Waqf institutions long-term growth. This hypothesis was supported by a finding of ($t = 3.2128$, $\beta = 0.3877$, $p < 0.0014$). This confirms the results of previous studies that human capital has a strong influence on performance of Waqf management (Ismail et al., 2015; Harun, Possumah, Shafian, & Noor, 2014; Yaacob, 2013).

Following, hypothesis 3 predicted that by intensifying entrepreneurs financing programme would have a positive effect on sustainability of Waqf institutions growth in Malaysia. This hypothesis was supported by the result of ($t = 3.0326$, $\beta = 0.3536$, $p < 0.0026$), which supports the finding of Khazzam (2015) with regard to the impact of entrepreneurs' financing program and towards the performance of Waqf institutions for long-term growth. While, hypothesis 4 predicted that by strengthening enabling infrastructure would have a positive effect on their sustainability of Waqf institutions growth. This hypothesis was supported with a finding of ($t = 3.0645$, $\beta = 0.2715$, $p < 0.0023$); which confirms the proposition that strengthening enabling infrastructure positively and significantly affects sustainability of Waqf institutions growth. The finding confirms those of previous studies (Isa et al., 2011; Puad et al., 2014; Basyoni, 2016). Lastly, hypothesis 5 predicted that governance would exert a positive effect on sustainability of Waqf institutions growth. This hypothesis was supported by a finding of ($t = 2.6442$, $\beta = 0.7149$, $p < 0.0084$), which confirms the hypothesis that governance positively and significantly affects sustainability of Waqf institutions growth in Malaysia. The result in line with previous studies (Ihsan & Ayedh, 2015; Che Man, Nordin, & Hamid, 2016).

In overall, the results have supported all the direct hypothesized relationship between the constructs except that which exist between strengthening relevant policies and legislations towards the sustainability of Waqf institutions growth. Figure 2 see that the determinants of Waqf management explain about 62 per cent of variance in sustainability of Waqf institutions growth. The SMARTPLS output is given below.

Figure 2: The Visual Output for SMART-PLS Algorithm



Source: Author Developed Figure

5. DISCUSSION

This study aims to examine the impact of determinants of Waqf management on sustainability of Waqf institutions. Mutalib and Maamor (2016) stated that an effective Waqf management can result in more efficient financial performance and operational performance. By improving operational performance, there will be benefits to the *ummah* (society) in many aspects of life such as economic development, religious matter, educational sector, and community facilities. Unsystematic management will usually have occurred due to inefficiency in management. Thus, according to Harun, Isa, and Ali (2012), to improve the inherent problems, there must be an improvement in the internal control of Waqf management or in the management procedures of the institutions. A strong internal control is believed to bring improvements in the areas of weaknesses of Waqf institutions.

Based on the findings, policies and legislation is verified to have insignificant influence on the sustainability of Waqf institutions growth. The result is contradicting with the study done by Shafii et al., (2016) which stated the constraints of Waqf management performance can be reduced if the Waqf authorities consider the revision of the Civil and the Shariah court's practices, particularly

associated with Waqf management practices. By reconsidering the determinants, i.e., practices of Waqf management policies, it can help the Waqf institutions to improve any inefficiency issues and other inherent problems associated with the mismanagement problems occurred today. Next, enhancing capacity and capability of human capital is confirmed to have significant effect on the sustainability of Waqf institutions growth. Lack of expertise, incompetent asset management, as well as overload with the responsibility of managing other religious matters are among the issues that cause the progress and development of Waqf institutions to slack. Mutalib and Maamor (2016) highlighted that the staff of Waqf institutions faces the issues and problems of management practices, which are associated with managerial skills and expertise in Waqf areas, as well as the lack of training in understanding their roles and responsibilities in carrying the tasks entrusted upon them. Therefore, enhancing the capacity and capability of manpower is important to ensure that there is accountability, as well as effective and efficient discharge of duties. On the other part, intensifying an entrepreneurs' financing programs plays a vital role in improving the sustainability of Waqf institutions growth. Shaikh (2017) implied that the institutions of Waqf can help to improve socio-economic mobility by being a rather permanent, effective, and efficient micro funding source to develop new business for entrepreneurs. By providing such services, people will have the confidence towards the ability of Waqf institutions in helping them with economic needs. Furthermore, the findings have also proved that the strengthening enabling infrastructure will positively affect the sustainability of Waqf institutions growth. Additionally, it can also cause the administering of Waqf activities to run efficiently. Puad et al., (2014) agreed that the infrastructure needs to be updated and improved regularly to ensure Waqf institutions have systematic services, as well as speeding up the process of searching information. Additionally, the results have confirmed the influence of effective governance on the sustainability of Waqf institutions growth as Islam emphasizes justice as fairness, equity and non-discrimination, to ensure balance and harmony in every aspect of life. Harun et al., (2014) indicated that there is a need for efficient Waqf management as to ensure that objectives of the institutions are achieved. However, such condition is only possible if the governance of Waqf institutions is well-established and functions accordingly. Thus, to instill public confidence towards the Waqf institutions, the leadership of Waqf management needs to be fair and just while discharging the responsibilities entrusted upon them.

Overall, a comprehensive Waqf management is considered as the main pillar. This is because it describes the level of performance of institution and how it brings sustainability to social welfare. Therefore, it is believed that sustainability of Waqf institutions growth can be expended further through proper Waqf management determinants.

5. CONCLUSION

This study deals with the impact of Waqf management determinants on sustainability of Waqf institutions in Malaysia. Many researchers agreed that it is essential to establish a proper guideline as it can be used as a foundation to maintain the general principles of conduct in the administration of Waqf resources and institutions. It also plays important roles of establishing best Waqf determinants not only for the institutions, but also to the endowers, beneficiaries, as well as staff responsible for managing the entities of Waqf properties.

Furthermore, the formation of Waqf determinants namely capability of human capital, intensifying entrepreneurs financing programme, strengthening of enabling infrastructure and governance can highlight the best performs of Waqf management as a way of to ensure these institutions are well governed. The application of such determinants in the third sector industry has been proven to be successful in producing efficient and well-managed conventional philanthropic and charitable organizations globally. In fact, the implementation of these management practices has been validated by well-known philanthropic institutions such as the The Myer Foundation and Sidney, The European Foundation Center, and also excellently implemented by the famous Canadian Philanthropic Foundation. Thus, as one of the charitable organizations in Malaysia with the goal of developing human society and as an economic development tool of *ummah*, it is important that the institutions be guided by good management practices in order to fulfil the requirement of *Maqasid al-Shariah*. The recognition of accurate determinants of efficient Waqf management is very important. This is because these factors are the critical success factors for uplifting Waqf institutions, and act as the keys pushing the support of investors' trusts and instilling public confidence towards the sustainability of Waqf institutions for the long-term growth.

Following this study, the findings of this study are limited to several determinants of Waqf management in the data collection process. We hope that future research can be enhanced by adding more comprehensive determinants in order to have more inclusive findings that can strengthen the formulation of the model. Due to contradict finding, therefore further research is necessary to better understand the perceptions of researchers prior to this matter.

ACKNOWLEDGEMENT

The authors would like to thank the FRGS grant provided by the Ministry of Higher Education, Malaysia, and Universiti Tenaga Nasional as well as Universiti Malaysia Pahang, Malaysia, for the funding of this research. Grant Reference No: FRGS/1/2016/SS08/UNITEN/02/1 (08/2016).

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