

## مؤشرات نمو الوقف: المفهوم والأبعاد والقياسات

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### الملخص:

يشهد قطاع الأوقاف نموًا مطردًا مع ازدياد الاهتمام به بوصفه قطاعًا اقتصاديًا ثالثًا إلى جانب القطاعين العام والخاص، وهذا ما يدفع إلى تعزيزه، ورصد وتقييم نموه؛ بل الاهتمام بتطويره، وأن يمتد تقييم نموه إلى جوانب الفعالية والكفاءة. تتناول هذه الورقة البحثية أهمية استخدام مؤشرات لقياس وتقييم نمو الأوقاف، وتوضح الحاجة إليها في ظل توسع قطاع الوقف وازدهاره، الأمر الذي يسهم في التعرف على مستوى نمو الوقف ومدى تحقيقه لأهدافه. كما تهدف الورقة البحثية إلى التعريف بمؤشرات لقياس الوقف ودلالاتها وأبعادها الإدارية والتنظيمية والاقتصادية والاجتماعية. واستخدمت هذه الورقة المنهج الوصفي التحليلي في مناقشة مشكلة البحث الرئيسة والمتمثلة في إيجاد مؤشرات لقياس النمو في الأوقاف، وأهمية هذه المؤشرات في تقييم مؤسسات الوقف وتحليل آثار أنشطتها وبرامجها. وقد أكدت

نتائج البحث على دور مؤشرات نمو الوقف في تقييم المؤسسات الوقفية، وأنَّ عملية قياس النمو الأوقاف تتضمن أبعادًا اجتماعية واقتصادية وتنموية، وهو ما يلفت النظر إلى أهمية تقييم فعالية وكفاءة الأنظمة التي تنتهجها مؤسسات الوقف. الكلمات المفتاحية: الوقف الإسلامي، حوكمة الوقف، قياس نمو الوقف، مؤشرات نمو الوقف، مؤسسة الوقف، الأثر الاجتماعي-الاقتصادي.

# Indicators of Endowment Growth: Concept, Dimensions, and Measurements

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## ***Abstract:***

The endowment sector is witnessing continuous development, with increasing interest in it as a third economic sector alongside the public and private sectors. This phenomenon drives the need to strengthen, monitor, and evaluate its growth, and highlights interest in its development and the extension of evaluating its effectiveness and efficiency. This paper examines the importance of using indicators to measure and evaluate the growth of Islamic endowment (Waqf), highlighting the need for endowments in light of the expansion and prosperity of this sector. The current paper contributes to understanding the level of endowment growth and the extent to which it achieves its objectives. This paper explores indicators for measuring endowments' growth in terms of administrative, regulatory, economic, and social dimensions. Using a descriptive-analytical approach. This paper discusses the importance of indicators for measuring endowment growth and determining the primary features of these indicators in evaluating endowment institutions and analyzing the effects of their activities and programs. The research results show the importance of endowment growth indicators in evaluating endowment institutions. This paper concluded by providing suggestions for a framework to measure endowment growth that encompasses social, economic, and developmental dimensions, emphasizing the importance of evaluating the growth, effectiveness and efficiency of the systems adopted by endowment institutions.

**Keywords:** Waqf, Islamic endowment, endowment governance, Waqf measurement, Waqf institution, socio-economic impact.

## 1. INTRODUCTION

Endowments (Awqaf) are non-profit organizations that play a prominent role in achieving various social and economic objectives, which makes endowments, as a whole, a standalone sector in the economy, alongside the public and private sectors.<sup>(1)</sup> In recent times, endowments have gained significant attention as a source of funding and investment for social and developmental purposes. Their investments have often outperformed returns in other economic sectors.<sup>(2)</sup> From an Islamic perspective, endowments are based on an ethical philosophy with social and economic objectives. Faith and spiritual meaning are connected to the social responsibility of the endowment founder.<sup>(3)</sup> Economically, endowments contribute to the voluntary redistribution of wealth, acting as intermediaries to bridge gaps between supply and demand for public goods, which makes endowments a true value addition to the economy effectively and efficiently.

The growth of endowments, considering their economic role and social functions, necessitates the monitoring and evaluation of their growth in terms of quantity and type. This evaluation assesses the sources of this growth, including the size of endowed capital, returns on endowment investments, and the amount of expenditure on beneficiaries and its various charitable and philanthropic applications.<sup>(4)</sup>

This paper aims to identify indicators for measuring the growth of endowments, enabling the evaluation of this growth and its positive effects on economic and social domains within society. A comprehensive review of relevant literature on the analysis and measurement of endowment growth in terms of inputs, outputs, impact, effectiveness, and efficiency reveals a dearth of research on the evaluation and monitoring of endowments and their growth indicators.<sup>(5)</sup> This confirms the need to develop indicators for monitoring and evaluating the growth of endowments, considering their social and economic impacts.

(1) Third sector refers to various non-state or market-based organizations such as charities, NGOs, self-help groups, social enterprises, networks, and clubs. Olaf Corry, "Defining and Theorizing the Third Sector," In R. Taylor (ed.), *Third Sector Research*, Springer Science Business Media, LLC, (2010): 11–20, [https://doi.org/10.1007/978-1-4419-5707-8\\_2](https://doi.org/10.1007/978-1-4419-5707-8_2).

(2) Josh Lerner, Antoinette Schoar, and Wan Wongsunwai, "Smart Institutions, Foolish Choices? The Limited Partner Performance Puzzle," *Journal of Finance* 62, (2007): 731–733, <https://doi.org/10.1111/j.1540-6261.2007.01222.x>.

(3) Faizah Darus, Nurul Huda Ahmad Shukri, Haslinda Yusoff, Aliza Ramli, Mustaffa Mohamed Zain, and Nur Ain Abu Bakar, "Empowering Social Responsibility of Islamic Organizations Through Waqf," *Research in International Business and Finance* 42, (2017): 960–961.

(4) Richard Franz and Stephan Kranner, *University Endowments: A Primer*, (Research Foundation Briefs, CFA Institute Research Foundation, July 2019): 7.

(5) Sharfizie Mohd Sharip, Marinah Awang, and Ramlee Ismail, "Management Effectiveness in Waqf Institutions in Malaysia: A Literature Review," *International Journal of Academic Research in Business and Social Sciences* 9, no. 11 (2019): 254–259.

Measuring the growth of endowments also helps evaluate stakeholder satisfaction with endowment activities and their influential role in accountability regarding the allocation of endowment funds. In recent years, there has been an increased emphasis on holding endowment management accountable and a growing awareness among a wide range of stakeholders, particularly endowment donors, regarding the societal role and developmental objectives of endowments. Interest has extended to various aspects of endowment growth beyond measuring growth and performance, including effectiveness and efficiency. This fact aligns with arguments presented by Dunne,<sup>(1)</sup> Grosso and Van Ryzin,<sup>(2)</sup> Taylor,<sup>(3)</sup> and Tooley and Guthrie,<sup>(4)</sup> emphasizing that performance reports for endowment institutions should encompass a broader scope of measurement, such as effectiveness, efficiency, and productivity.<sup>(5)</sup> However, there are challenges in measuring both growth and performance due to the scarcity of information and administrative and financial reports.<sup>(6)</sup> This paper attempts to fill the research gap in this field and provide insights that contribute to the development of indicators for endowment growth that can be used to evaluate the role of endowment institutions in terms of social and economic impact. It also aims to determine the main features of measures that indicate the impact of endowment funds, programs, and activities, in addition to evaluating the size of endowment expenditures and their outcomes on society and the overall economy. This paper aims to contribute to the literature on the measurement of endowment growth by offering a set of metrics. Therefore, the novelty of this paper lies in highlighting a set of indicators to measure the growth of endowments based on the basic aspects of the growth of the endowment, including the administrative, accounting, and investment aspects. This study hopes to shed light on a standard measurement framework that waqf institutions can adopt to ensure their growth, efficiency, and sustainability.

The remainder of this paper is organized as follows: Section 2 defines the main concepts and terms used in this study. Section 3 presents the administrative

(1) Theresa Dunne, "Governance and Performance Reporting in Scottish Charities," *Journal of Financial Reporting and Accounting* 11, no. 2, (2013): 112–113.

(2) Ashley L. Grosso and Gregg G. Van Ryzin, "How Citizens View Government Performance Reporting," *Public Performance & Management Review* 35, no. 2 (2012): 235–236, <https://doi.org/10.2753/PMR1530-9576350201>

(3) Jeannette Taylor, "Statutory Bodies and Performance Reporting: Hong Kong and Singapore Experience," *Public Organization Review* 6, no. 3 (2006): 290–292, <https://doi.org/10.1007/s11115-006-0018-8>.

(4) Tooley, S. and Guthrie, J. "Reporting Performance by New Zealand Secondary Schools: An Analysis of Disclosures," *Financial Accountability & Management* 23, no. 4 (2007): 352–354.

(5) Dila Fadna Sari, Hidayatul Ihsan, Desi Handayani, and Eliyanora Eliyanora, "A Study of Performance Measurement of Waqf Institution," *ICO-ASCNTY. Proceedings of the 1st International Conference on Applied Social Sciences, Business, and Humanity*, (November 2019): 1–3, <https://doi.org/10.4108/eai.1-11-2019.2294018>

(6) Ciaran Connolly, and Noel Hyndman, "Performance Reporting: A Comparative Study of British and Irish Charities," *The British Accounting Review* 36, no. 2 (2004): 129–131, <https://doi.org/10.1016/j.bar.2003.10.004>

and institutional growth indicators, whereas Section 4 reviews the social growth indicators. Section 5 presents indicators of growth in the economic and investment areas. Section 6 concludes this paper with some policy implications and recommendations.

### **1.1. Research Objectives**

The main objective of this paper is to identify indicators for measuring endowments' growth in terms of administrative, regulatory, economic, and social dimensions. The specific objectives of the study are as follows:

To define the indicators of endowment growth.

To determine the dimensions of endowment growth indicators.

To identify the elements of endowment growth indicators.

To suggest some indicators for measuring growth in endowments.

### **1.2. Research Significance**

Given the role of endowment in community development, indicators of endowment growth and sustainability represent a significant field of study and interest due to their positive impacts and contributions at various developmental, social, and economic levels within society and the overall economy. The development of endowments relies directly on improving their operational methods and governance procedures. Therefore, developing indicators for evaluating and measuring endowment growth and its utilization helps monitor progress in analyzing growth sources and quality and evaluating their short-term and long-term effects and returns on the community and the overall economy.

Accordingly, the motivations and significance for writing this paper are based on the following points:

The need to develop indicators for monitoring the growth of endowments.

Accessing quantitative tools to measure the quality of growth in endowments.

The importance of evaluating growth within endowment bodies and institutions.

### **1.3. Research Methodology**

The research methodology will be a descriptive analytical approach, utilizing financial and economic information regarding the growth of the endowment sector.

### **1.4. Research Problem and Questions**

Several previous studies discussed evaluating the performance and growth of

endowment institutions. Noordin et al.<sup>(1)</sup> argue that there is a greater focus on using financial and economic indicators, as they do not cover all aspects of performance measurement and do not take the form of standardization. They developed a contingency framework for assessing the performance of endowment institutions.

Currently, the waqf reporting practice is based on the conventional accounting system. This has the weakness of limiting reporting coverage to annual financial information only. Sulaiman et al.<sup>(2)</sup>, Abu Talib et al.<sup>(3)</sup>, and Kamaruddin and Auzir<sup>(4)</sup> measure the financial accountability of waqf institutions. Some research focused on governance in waqf, which is important in promoting transparency and accountability of endowment institutions, and these are crucial for a sector that relies on the confidence and trust of its stakeholders. Therefore, there is a need to develop some indicators to measure the performance and growth of the endowment. The main focus of this research revolves around the importance of endowment growth indicators and the necessity of using quantitative and qualitative tools to measure the growth of endowments. Therefore, the main research questions can be stated as follows:

1. What is meant by endowment growth indicators?
2. What are the key elements in determining endowment growth?
3. What are the indicators that can be used to measure endowment growth?

## 2. DEFINITIONS AND CONCEPTS

Some definitions and concepts that should be clarified in this research, and they are detailed as follows:

### 2.1. The Definition of Endowment

The term “Endowment” (waqf in Arabic) linguistically refers to detention, holding, or setting something aside.<sup>(5)</sup> In the terminology of jurists and scholars, there is general agreement on the meanings of their definitions, albeit with different wording, as stated in the Prophet’s Hadith: "If you wish, you

(1) Nazrul Hazizi Noordin, Siti Nurah Haron, and Salina Kassim. “Developing a Comprehensive Performance Measurement System for Waqf Institutions.” *International Journal of Social Economics* 7, no. 7 (2017): 921–922. <https://doi.org/10.1108/IJSE-09-2015-0257>

(2) Maliah Sulaiman, Mohd Akhyar Adnan, and Putri Nor Suad Megat Mohd Nor. “Trust me! A case study on the international Islamic University Malaysia’s waqf Fund.” *Review of Islamic Economics* 13, no. 1 (2009): 69–88. [http://irep.iium.edu.my/13551/1/Trust\\_Me%21\\_A\\_Case\\_Study\\_of\\_the\\_International\\_Islamic\\_University\\_Malaysia%E2%80%99s\\_Waqf\\_Fund.pdf](http://irep.iium.edu.my/13551/1/Trust_Me%21_A_Case_Study_of_the_International_Islamic_University_Malaysia%E2%80%99s_Waqf_Fund.pdf)

(3) Nori Yani Abu Talib, Radziah Abdul Latiff, and Aini Aman. “An institutional perspective for research in waqf accounting and reporting A case study of Terengganu state Islamic Religious Council in Malaysia.” *Journal of Islamic Accounting and Business Research* 11, no. 2. (2020): 400–427. <http://dx.doi.org/10.1108/JIABR-11-2016->

(4) Muhammad Iqmal Hisham Kamaruddin, and Sofiah Md Auzair. “Measuring ‘Islamic accountability’ in Islamic Social Enterprise (ISE).” *International Journal of Islamic and Middle Eastern Finance and Management* 13, no. 2 (2020): 303–321. <https://doi.org/10.1108/IMEFM-04-2018-0134>

(5) Ibn Manzur, *Lisan al-’Arab*, (Dar Sadr, Bairut, 1990).

may confine (hold) the asset and donate its return (utility)"<sup>(1)</sup> Its meaning revolves around dedicating perpetual charitable endowments in the form of property or money for righteous deeds and benevolence. This implies that the endower owns the endowed property and is not subject to disposal by any other entity except as specified by the endower, and it cannot be revoked or reclaimed by the endower according to the provisions of Islamic law.<sup>(2)</sup>

An endowment consists of five main components:<sup>(3)</sup>

1. The endower: The person who donates the waqf.
2. The endowed property: It can be movable assets such as money, stocks, and bonds or immovable assets such as land, buildings, and equipment.
3. The beneficiary: The person or entity that receives the benefits of the endowment and benefits from it.
4. The legal documentation of the endowment: The formal document or declaration of the endowment (Waqf deed). It includes the waqf objectives, the beneficiaries, management, and conditions.
5. The principal/administrator (Nazir or Mutawalli): The appointed manager by the endower who is responsible for managing the endowment's assets for the benefit of the beneficiaries according to the conditions and rules set by the endower.<sup>(4)</sup>

Regarding endowment management, there are two approaches in endowment institutions: individual management entrusted to a single administrator (principal) or institutional management entrusted to a group in the form of a board of trustees that oversees the administrative supervision of the waqf entity or institution.

## 2.2. The Definition of Endowment Institution

An endowment institution refers to any entity or organization with a legal personality dedicated to the endowment. It has specific management and organization, whether in the form of a single administrator or a group represented by a board of trustees, in accordance with the prevailing laws and regulations of a country. This management is responsible for fulfilling the duties and responsibilities of the endowment administrator in all legitimate ways, including managing and developing the endowed funds, investing

(1) Reported by Al-Bukhâri (hadith 2772).

(2) Mohd Zakhiri Md Noor, and Ani Munirah Mohamad, "Waqf in Medieval Islam: An Overview," *Russian Law Journal* 11, no. 4s, 2023: 39, <https://doi.org/10.52783/rj.v11i4s.801>

(3) Ahmed Malawi, "Islamic Endowment: Economy, Management, and Civilization Building," (Presentation, Third Endowment Conference, Islamic University, Al-Madinah Al-Munawwarah, Saudi Arabia, 2009).

(4) AAOIFI, "Guidance Note for Governance Standard 13 Waqf Governance," Accessed 27 Jun. 2023, <https://aaofii.com/guidance-note-for-governance-standard-13-waqf-governance/?lang=en>.



them, and distributing their returns to the eligible beneficiaries according to the conditions set by the endower and in accordance with the provisions of Islamic law.

### **2.3. The Endowment Growth**

Considering the endowment as an institution necessitates measuring its growth in achieving the objectives for which this institution was established, whether in its social or economic dimensions. There are criteria for defining growth from an economic perspective, considering the continuous increase in income resulting from productive activity and its outputs that contribute to increasing income at the level of the partial economy as well as the overall economy, i.e., increasing national income and improving the standard of living. This includes an increase in the number of workers and the provision of skilled labor related to the education and training systems and the extent of the endowment sector's contribution to supporting efforts in these areas. Therefore, endowment growth includes the increase resulting from endowment activities, starting with its collection, expenditure, distribution of its returns, sustainability, and investment of endowment assets. In other words, it signifies expansion and growth in the quantity and quality of endowment assets and their returns, as well as the methods of their utilization.

### **2.4. Definition of Endowment Growth Indicators**

An indicator is defined as a quantitative or qualitative tool that indicates a desired goal or outcome. Therefore, any indicator should be measurable and observable. Establishing growth indicators to measure the growth of the endowment is crucial to determining the level of progress achieved by the endowment institution in reaching predefined goals and outcomes.<sup>(1)</sup> For example, an indicator may assess the performance of the endowment institution by stakeholders or evaluate the board of trustees based on the level of growth attained by the endowment institution according to predetermined objectives.

### **2.5. Significance of Endowment Growth Indicators**

Endowment growth indicators can be defined as values used to measure the progress of an endowment institution in achieving long-term strategic goals. These indicators assist in evaluating the work of the endowment and the extent to which its main objectives are accomplished.<sup>(2)</sup> This evaluation involves analyzing the administrative, financial, economic, and social aspects of the

(1) Sharip, Awang, and Ismail, "Management Effectiveness," 255.

(2) Noordin, Haron, and Kassim, "Developing a Comprehensive," 921–922.

endowment. Endowment growth indicators can be linked to the strategic goals of the endowment institution, and in this regard, the growth indicators may vary among institutions based on their priorities and specific needs.

Since the endowment growth indicator is an evaluation tool, it is also utilized in decision-making processes related to corrections or endowment-related matters. The indicator helps assess the current status or direction of the endowment based on its goals, policies, and desired outcomes.

## **2.6. Steps for Developing Growth Indicators in Endowments**

Several necessary steps can be suggested for developing growth indicators in the field of endowments, as follows:

- a. **Goal Setting:** The endowment institution must identify its main goals and strategies before constructing growth indicators. The indicators should be linked to these goals to measure growth and accomplishments.
- b. **Measurement Scale:** Each indicator should be appropriate for measuring growth and associated with a goal that aligns with the measurement scale and timeframe. The indicator can be expressed numerically or descriptively.
- c. **Data Source:** Each growth indicator in endowments requires a reliable and specific data source that can be relied upon for measuring and evaluating growth.
- d. **Quantitative Target Setting:** The endowment institution must specify its goals. For example, it is not enough to state that the institution wants to increase the amount of funds under endowment; instead, it should specify a defined increase. This makes the process of measuring growth easier.
- e. **Formulating Key Growth Indicators:** Key growth indicators are essential for measuring endowment growth. The more the endowment's growth indicators are built upon real and clear goals and success factors related to its policies and activities, the more effective and purposeful the measurement of growth in the endowment will be.

## **2.7. Specifications of Growth Measurement Indicators**

The question pertains to what makes a good growth measurement indicator that helps stakeholders make better decisions. For example, if an endowment institution aims to support higher education, its goal may be to provide scholarships for postgraduate studies in specific fields. In this case, the priority field of study, the cost, and the type of education become the desired targets.

We can calculate the average education expenses per student, the average cost per student, the total scholarships awarded during the year, or based on the specialization.

Here are some key specifications for endowment growth indicators that can be proposed as follows:<sup>(1)</sup>

A good indicator provides realistic and clear information about the progress toward the endowment's ultimate goals.

It assists in making more objective decisions regarding the endowment's policies, activity quality, expenditure methods, and investment strategies.

Endowment growth indicators should be quantifiable and measurable.

### **2.8. How to Ensure the Success of a Growth Indicator Plan?**

In order to ensure the success of a growth indicator plan for an endowment, the following steps should be taken using the SMART framework:<sup>(2)</sup>

1. **Specific:** Each goal of the growth indicators should be specific. Create a list of precise steps required to achieve the goal.
2. **Measurable:** Identify specific methods to measure the data recorded through quantifiable metrics to assess overall performance. This aspect is crucial in managing endowment growth indicators.
3. **Achievable:** Short-term goals should be easily attainable. Achieving small successes helps accelerate progress toward long-term objectives.
4. **Relevant:** Growth indicators should directly relate to the endowment project's goals. This ensures a positive impact on beneficiaries and other stakeholders.
5. **Time-bound:** Set a timeframe for achieving each goal of the endowment's growth indicators. When goals have a specific duration, task implementation occurs within the designated time.

In addition to the SMART framework, we suggest that the development of a measurement indicators plan also be linked to the evaluation and reassessment of the plan during and after implementation. Both evaluation and reassessment can be explained as follows:

1. **Evaluation:** Ensure that the goals of the endowment's growth indicators are evaluated periodically, either monthly or annually. Regular and frequent evaluations enhance the endowment's management capabilities in achieving its objectives.

(1) Bank Indonesia, "Core Principles for Effective Waqf Operation and Supervision A Joint Initiative of Bank Indonesia, Indonesian Waqf Board and Islamic Development Bank," (2019).

(2) Trevor Day and Paul Tosey, "Beyond SMART? A New Framework for Goal-Setting," *The Curriculum Journal* 22, no. 4 (2011): 525–526. [dx.doi.org/10.1080/09585176.2011.627213](https://doi.org/10.1080/09585176.2011.627213)

2. **Reassessment:** The final step involves adjusting the endowment's management approach to achieve the institution's endowment goals. Since growth indicators can be used to evaluate endowment growth and make objective decisions within specific timeframes or contexts, reassessment becomes essential. It leads to increased progress and enhances the analysis and evaluation of growth achieved in endowment activities and programs.

The determination of appropriate growth indicators relies on organizational goals. For example, if an endowment institution aims to increase its invested assets, an indicator related to the growth in asset size may be suitable. Generally, preparing an indicator for measuring endowment growth can be based on the following steps:

1. Starting with developing a strategy for the endowment institution.
2. Identifying the questions that need to be answered.
3. Determining the data requirements specific to the endowment.
4. Evaluating all existing data.
5. Collecting accurate information.
6. Establishing the appropriate measurement methodology.
7. Ensuring understanding of the growth indicators.
8. Research the best approach to achieving the growth indicators' goals.
9. Reviewing the growth indicators.

## **2.9. Types of Growth Measurement Indicators**

Growth indicators in endowments can help assess the progress made by endowment institutions over time. By implementing a monitoring system for key growth indicators, the strategy of these institutions can be enhanced. These indicators encompass a set of measurable metrics the endowment institution uses to assess growth. These measures are employed to determine the progress made by the endowment institution in achieving its growth and expansion objectives.

The indicators can be divided into two categories: quantitative indicators and qualitative indicators.

- **Quantitative indicators:** These indicators are based on numerical points, grades, quantities, percentages, and determinations of numbers and sizes. They can describe tangible, numerical, and point-based aspects. In other words, quantitative indicators are numerical and descriptive in nature, representing measures of quantity.
- **Qualitative indicators:** These indicators focus on identifying a set of

specifications that should be present in the quality of the endowment projects and the level of their utilization. Qualitative indicators are descriptive in nature and aim to highlight the benefits and advantages gained from the projects and their utilization.

### **3. GROWTH INDICATORS IN THE ADMINISTRATIVE AND INSTITUTIONAL DOMAIN**

#### **3.1 Administrative Growth Indicators**

The management methods of endowments vary depending on the type of endowment and the legislative system of the country. Some management approaches rely on an independent trustee, such as individual management with judicial supervision or collective management. The importance of managing endowments is highlighted by preserving and increasing the endowed funds and fulfilling the conditions of the endower. Therefore, the development of systems and legislation is necessary to measure the growth of endowments, and the following indicators can be used:

- Compliance rate with regulatory requirements: The higher the endowment institution's compliance with regulatory requirements according to legislation, regulations, and guidelines issued by supervisory authorities in the country, the higher the indicator of administrative and regulatory growth.
- Existence of organizing regulations: The existence of executive and organizing regulations reflects the level of administrative growth in the endowment institution. The flexibility and clarity of these regulations indicate good performance and the progressive development of the endowment.
- Percentage of registered endowments: Registering and documenting endowments with official authorities safeguards the rights of endowers and the endowed. It also protects the preserved funds and assets from loss and mismanagement.
- Development of policies and operational procedures: Having clear and written policies regarding endowment fund management, investment, expenditure, and distribution ensures operational and administrative risk mitigation. It enables supervisory authorities and stakeholders to monitor and hold endowment management accountable for performance levels and growth achieved.

### 3.2 Institutional Growth Indicators

The endowment sector must prioritize activating the governance system to preserve, develop, and sustain endowments. Regulatory and governmental entities should assist endowment entities in enhancing the general framework of good governance. This includes supporting trustees, members of oversight, and executive boards to effectively lead and manage the endowment's activities.<sup>(1)</sup> Furthermore, it involves implementing best practices related to regulating relationships within endowment entities and institutions among the various parties, including trustees, oversight boards, executives, beneficiaries, and other stakeholders.<sup>(2)</sup> This facilitates decision-making processes and ensures transparency and credibility.

Based on the above, several indicators related to the institutional governance of endowments can be suggested to measure various aspects, including the following:

- Compliance rate with governance systems: It refers to determining the percentage of compliance with implementing governance principles and the existence of specific systems, procedures, and guidance documents for governance practices.
- Transparency and accountability level: This indicator measures the degree of transparency and accountability of the endowment entity in implementing procedures that promote transparency and accountability. This increases the credibility of endowment management and builds trust among stakeholders and beneficiaries alike.
- Institutional development in terms of capacity building and professional training: This indicator measures the level of institutional development in terms of building human capacity in the endowment sector. The better qualified and trained the workforce in the endowment sector, the higher the performance and efficiency of endowment entities.
- Stakeholder engagement: This indicator measures the level of communication and awareness between endowment stakeholders (endowment founders, beneficiaries, and trustees) and other stakeholders, including regulatory and supervisory authorities, over the endowment.

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(1) Rusni Hassan and Adnan Yusoff, "Enhancing Good Governance Practices of Waqf Institutions: Learning from Shariah Governance Framework of Islamic Financial Institutions," *International Journal of Islamic Economics and Finance Research* 3, no. 2 (December 2020): 65–66, DOI:10.53840/ijiefer42

(2) Muhammad Iskandar, Disman, Nugraha, Mayasari, and Ari Riswanto, "The Performance of Collection, Management and Empowerment of Public Endowment Institutions in Indonesia on the Financial Performances," *Academy of Accounting and Financial Studies Journal* 25, no. 6 (2021): 5–6.

## 4. GROWTH INDICATORS IN SOCIETY

### 4.1. Social Growth Indicators

Social growth indicators are important features of endowment from an Islamic perspective. The endowment provides flexibility in using funds compared to charity, which is restricted to specific categories of beneficiaries. Endowments can provide various social care services and convert social capital into social and public infrastructure. It provides a permanent social safety net for beneficiaries in the case of perpetual endowment.<sup>(1)</sup> Cash endowments can be highly flexible in building educational, healthcare, and social institutions such as schools, universities, hospitals, and orphanages.<sup>(2)</sup> This is achieved through the ability of cash endowments to mobilize and gather more financial resources, ensuring broader participation from endowment founders and individual donors. In this regard, endowments serve as a form of long-term charity that aims to develop the community.<sup>(3)</sup>

Compared to individual charitable donations, an endowment institution or entity is more effective in achieving developmental goals and providing sustainable sources for social purposes. This is because individual charitable donations often face difficulties for the wealthy in finding genuine beneficiaries and categories needing endowment funds.

In light of the above, important indicators include considering the social and financial returns and achieving a balance between them so that endowment fulfills social needs, which are among its main objectives, as well as meeting the needs that cover the economic aspects of the beneficiaries, such as providing services in a tangible and financial form, like monthly allowances for eligible endowment recipients.<sup>(4)</sup> These indicators are as follows:

- Percentage of expenditure on development needs: This reflects the rate of expenditure on development needs in the fields of health, education, and social care out of the total expenditure. It indicates the level of social development achieved by the endowment.
- The number of social programs: The larger the number of endowment

(1) Junaidah Abu Seman, Nurul Nazlia Jamil, and Azreen Jihan Che Mohd Hashim, "Development of Integrated Islamic Finance-Based Index of Financial Inclusion Using Zakat and Cash Waqf: A Preliminary Study in Malaysia," *The Journal of Muamalat and Islamic Finance Research* 18, no. 2 (December 2021): 88–90, <https://doi.org/10.33102/jmifr.v18i2.370>.

(2) Azniza Hartini Azrai Azaimi Ambrose and Margarita Sergeevna Peredaryenko, "Temporary Waqf and Perpetual Benefit: A Mathematical Proof," *International Journal of Economics, Management and Accounting* 30, no. 1 (June 2022): 151, <https://journals.iium.edu.my/enmjournals/index.php/enmj/article/view/965>.

(3) Salman Ahmed Shaikh, Abdul Ghafar Ismail, and Muhammad Hakimi Mohd Shafiai, "Application of Waqf for Social and Development Finance," *ISRA International Journal of Islamic Finance* 9, no. 1 (2017): 6–7, <https://doi.org/10.1108/IJIF-07-2017-002>

(4) Mazrul Shahir Md Zuki, "Waqf and Its Role in Socio-economic Development," *ISRA International Journal of Islamic Finance* 4, no. 2 (2012): 173–174.

projects and programs directed toward social aspects compared to programs in other fields, the more it indicates the endowment's commitment to its social goals and achieving the desired growth according to the intended objectives.

#### **4.2. Contribution to Poverty Reduction and Social Problems**

An endowment is an effective tool for mobilizing resources to meet societal needs through self-sufficiency contributions from endowers or private sector donors rather than relying on government borrowing or tax expenditures. Despite their social and economic importance, the potential of endowments remains largely untapped due to critical challenges in liquidity management and the scarcity of sustainable investment opportunities. Hence, the primary role of the endowment sector can be efficiently utilized in providing public services, leading to significant reductions in spending, alleviating the tax burden on the public, and increasing the potential for savings to be spent on private investment and economic growth.<sup>(1)</sup> From this perspective, endowment growth indicators can serve as a means to monitor and evaluate contributions to economic development and assess the extent to which endowment has been employed in public projects such as infrastructure, healthcare, education, water, and electricity services. This, in turn, leads to an increase in national income and economic growth rates.

#### **4.3. The Role of Endowment in Poverty Alleviation and Social Issues**

The endowment system has demonstrated flexibility throughout the ages, making it a reliable tool for social and charitable work within society. Experiences with endowment in many countries indicate that endowed assets have been utilized in the field of agriculture, providing income for benefiting farmers while distributing the returns of these assets to other beneficiaries. These applications have been instrumental in reducing poverty among economically disadvantaged and low-income groups.<sup>(2)</sup>

One of the functions of the endowment is its contribution to providing a social safety net for the needy, as it helps distribute wealth and resource benefits effectively to those neglected and deprived segments of society.<sup>(3)</sup>

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(1) Dk Amirah Nabihah Munawwarah Pg Alias, Nurul Naqibah Izzati Muhammad Faizul, Amaliza Khairunisa Kosat, and Rahimah Embong, "The Impact of Waqf on Economic Growth," BITARA International Journal of Civilizational Studies and Human Sciences 5, no. 4 (2022): 147–148.

(2) Monzer Kahf, "Role of Zakah and Awqaf in Reducing Poverty: A Proposed Institutional Setting within the Spirit of Shari'ah," *Thoughts on Economics* 18, no. 3 (2008): 40/55–65.

(3) Nasim Shah Shirazi, "Integrating Zakat and Waqf into the Poverty Reduction Strategy of the IBD Member Countries," *Islamic Economic Studies* 22, no. 1 (May 2014): 79/88.



Furthermore, the endowment supports the informal economy by responding to and catering to unregulated sectors, filling the gaps in expenditure areas within both the public and private sectors. This highlights the significant role of endowment in achieving developmental goals effectively.

An endowment can also impact household income through social benefits and contribute to increased investment, especially when some endowed expenses are managed by private sector entities. Investment can be enhanced by developing packaged endowed assets through private companies. Additionally, government expenditures can benefit from the productivity of endowments and their tax revenues. Therefore, changes in household consumption, company investment, and government expenditure can result in positive outcomes for national income toward sustainable development.

## 5. INDICATORS OF GROWTH IN THE ECONOMIC AND INVESTMENT

Adopting corporate systems in the formation and establishment of endowment entities leads to expanding the scope of investment endowments and aligning them with commercial investment capital in various investment fields. Similarly, adopting an investment portfolio system also contributes to the growth and increase of investment returns and gains.<sup>(1)</sup> In the economic and investment sectors, the importance of measuring growth can be highlighted through several indicators, including the rate of investment returns and the growth rate in the returns of financial portfolios.<sup>(2)</sup> These two indicators were selected based on investment evaluation, especially in investment endowment funds, which are among the most used indicators in the field of evaluating financial investment and investment portfolios. These indicators are as follows:

- Rate of investment returns: The higher the percentage of returns from endowment investment, the greater the success of the investment process and the profitability that enhances the operational capacity of Waqf and its ability to expand expenditure on beneficiaries.
- Growth rate in the returns of financial portfolios of endowment: In the investment field, the performance of endowments can be assessed and evaluated through asset allocation decisions among categories with different risk and return characteristics. Specifically, in best practices

(1) Lawrence E Kochard and Cathleen M Rittereiser, *Foundation and Endowment Investing: Philosophies and Strategies of Top Investors and Institutions* (USA: Wiley finance, 2007), 45–46/90/120.

(2) Dwi Nita Aryani, Bunyamin B, Hanif Mauludin, Rosnia Masruki, and Mustafa Mohd Hanefah, “Developing Best Measurement and Reporting of Waqf Institutions: Socio-Economics and Governance Impact (Indonesia Case),” *ADDIN* 15, no. 1 (2021): 45–46. <http://dx.doi.org/10.21043/addin.v15i1.10289>.

in endowment investment, endowment investment is made through five main asset classes: stocks, fixed income, real estate, alternatives (including hedge funds and commodities such as oil and timber, private equity, and investment funds), and cash.

### 5.1. The Most Important Financial Indicators

The purpose of using financial indicators to measure the growth of endowment institutions is to ensure that public funds and resources are used in an appropriate and legally acceptable manner. Therefore, it is recommended that both quantitative and qualitative measures be used in order to appropriately reflect not just their financial performance but also the quality of services provided in achieving their social objectives.<sup>(1)</sup> Overall, financial ratios are necessary for evaluating the financial situation of any organization. However, it should be noted that ratios are limited in assessing non-profit organizations, as their evaluation is more complex, resulting in a general disparity in terms of efficiency and effectiveness between for-profit and non-profit organizations. To avoid this disparity and limitation in measurement for non-profit organizations, some researchers have proposed measuring growth in non-profit organizations from the perspective of sound governance. Therefore, they suggested that the measurement model for an endowment institution should be based on principles and foundations of governance rather than solely on financial ratios.<sup>(2)</sup>

Despite the significance of combining financial ratios and governance indicators, the measurement model for growth in an endowment institution should address six important ratios: efficiency ratio, operating expense efficiency ratio, rental activity margin ratio, revenue on investment, fundraising efficiency ratio, and distribution efficiency ratio.<sup>(3)</sup> Four categories of the mentioned ratios fall under governance and represent the efficiency and sustainability of the endowment institution through its programs, activities, and performance, including administrative efficiency, program efficiency,

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(1) Raja Aishah Raja Adnan, Mahazan Abdul Mutalib, and Muhammad Ridhwa Ab. Aziz, "Factors Necessary for Effective Corporate Waqf Management for Malaysian Public Healthcare," *ISRA International Journal of Islamic Finance* 14, no. 1 (2022): 73–88, doi.org/10.1108/IJIF-11-2019-0178.; Rosnia Masruki and Zurina Shafii, "The Development of Waqf Accounting in Enhancing Accountability," *Middle-East Journal of Scientific Research* 13, no. 13 (2013): 1–6.; Siti Alawiah Siraj and Yusuf Karbhari, "Financial Accountability of Waqf (Pious Endowment) Institutions in Malaysia: The Case of Budgeting Practices in State Islamic Religious Councils," *British Accounting and Finance Association Conference*, (April 2014): 9–11.

(2) Dewi, M. K., S. H. M. Ibrahim, and I. R. Ferdian. "Measuring performance of awqaf institutions: A proposal." In Singapore: International Waqf Conference. 2012.

(3) Zurina Shafii, Rochania Ayu Yunanda, and Faried Kurnia Rahman, "Financial and Operational Measures of Waqf Performance: The Case of State Islamic Religion Council of Singapore and Malaysia," *Seminar Waqf Iqlimi*, (2014): 345–346. <http://ddms.usim.edu.my:80/jspui/handle/123456789/9872>.

fundraising efficiency, and distribution efficiency.<sup>(1)</sup>

Based on a macroeconomic perspective, endowment is considered a financial tool that can be utilized as an additional source to increase the developmental areas that the government spends on. According to the basic principles of macroeconomics, national income is affected by household consumption, private investment, and government expenditure. An endowment can influence household income through social benefits and can also enhance investment, especially when some endowment expenses are managed by entities owned by the private sector. Investment can be increased by developing endowment assets mobilized through a private company. Additionally, government expenditures can benefit from the productivity of endowment projects. Therefore, changes in household consumption, private investment, and government expenditure can achieve positive results in increasing national income and consequently achieving developmental goals.<sup>(2)</sup>

There are two indicators relied upon for analysis in endowment institutions that can be proposed as follows:<sup>(3)</sup>

- Financial Analysis: It involves examining the financial statements and published data of a specific institution for a certain period or periods to provide information about the endowments during a specified period and anticipate their future performance.
- Accounting Analysis: It encompasses a broader scope than financial analysis, as it includes the role of the financial analyst and obtaining both published and unpublished information related to cost accounts, budgetary planning, and management accounting reports.<sup>(4)</sup> It aims to present the performance of the endowment over previous periods and streamline its future performance. Therefore, the results of accounting analysis are more comprehensive and detailed than those of financial analysis. In summary, financial analysis helps management assess past performance and future plans, as well as evaluate the financial position of the endowment, identify its strengths and weaknesses, and support internal and external control, planning, and evaluation processes for the endowment.

(1) Rosnia Masruki, Mustafa Mohd Hanefah, Dwi Nita Aryani, and Bunyamin. "Performance Measurements of Socio-Economic Impact for Waqf (Endowment) Institutions," *International Journal of Innovation, Creativity and Change* 7, no. 6 (2021): 5–6. Marc J. Epstein, Adriana Rejc Buhovac, "Performance Measurement of Not-For-Profit Organizations," 2009, Accessed 24 Jun. 2023, <http://www.ef.uni-lj.si/docs/osebnestrani/Not-for-Profit.pdf>.

(2) Shehu Usman Rano Aliyu, "A Treatise on Socioeconomic Roles of Waqf," MPRA\_paper\_91413. 2018. University Library of Munich, Germany, Accessed 15 Jun. 2023, <https://mpra.ub.uni-muenchen.de/91413>.

(3) Aliza Ramli, Fadzlina Fahmi, Faizah Darus, and Zarinah Rasit, "Performance Measurement System in the Governance of Waqf Institution: A Concept Note," *The Journal of Social Sciences Research* 5, (2018): 1026–1028. <https://doi.org/10.32861/jssr.spi5.1026.1034>.

(4) Rochania Ayu Yunanda, Zurina Shafii, and Muhammad Ali Tareq, "Accountability of Islamic Based Non-Profit Sector: The Case of Waqf Organizations," *Jurnal Ekonomi dan Bisnis Islam* 2, no. 2 (2016): 105/110.

In financial analysis, which primarily aims to measure the growth and sustainability of the endowment, a liquidity study is used. It assesses the endowment's ability to convert its current assets into cash liquidity to ensure its ability to meet its obligations toward the beneficiaries. These are the most important financial and accounting indicators that can be used to assess growth in endowments. Any endowment institution, regardless of its size, can use it to track performance and growth and determine its ability to sustain growth. They are detailed as follows:<sup>(1)</sup>

#### **(a) Profit Margin**

It represents the percentage of remaining revenue after deducting all expenses, costs, and taxes. It is one of the most important indicators used to evaluate the effectiveness and success of operations in organizations. A higher profit margin indicates the good performance of the endowment's productive project. If the profit margin is low or negative, it is a clear sign that the endowment's productive project needs to improve its operations and generate more profits.

#### **(b) Revenue Growth Rate**

This measure illustrates the speed of a business's growth by comparing current-period revenues with previous-period revenues. The revenue growth rate can indicate whether the endowment institution is growing fast enough to justify expansion plans, entering into new investments, or needs to change its plans and investment strategies.

#### **(c) Working Capital Ratio**

The working capital ratio measures the liquidity of an endowment institution and its ability to meet short-term obligations. It is an important indicator of the financial health of the endowment institution. It also measures the size of the financial liquidity that enables the endowment institution to fulfill short-term commitments, making it an important indicator of financial health.

#### **(d) Investment Environment Risks**

Investment environment risks are related to the external environment surrounding the investment rather than the investment process itself. These risks include government policies and other factors that can affect the investment climate in a country. These factors play a role in determining whether the investment environment is attractive or a deterrent to investors.

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(1) Roshayani Arshad and Norzaihan Zain, "Performance Measurement and Accountability of WAQF Institutions in Malaysia," SHS Web of Conferences 36, (2017), <https://doi.org/10.1051/shsconf/20173600005>.

They include administrative regulations and legal provisions that can impact endowment investments.

Another type of risk is investment and business risks, against which endowments must hedge. This includes conducting feasibility studies for endowment projects used as tools for evaluating and examining capital and operational expenses, returns, and related alternatives during the investment process. These risks include operational, commercial, non-commercial, and economic risks associated with inflation, economic recession, and economic growth slowdown.

#### **(e) Cash Liquidity Retention**

One important indicator is the retention of a cash liquidity balance to meet urgent payments and expenses. This should be done in light of past experience and future expectations, which require applying the budgeting system.

#### **(f) Alignment and Diversification of Investments**

It is also important to align and diversify investments in areas with high, medium, and low returns and assess the associated risk level with each. This should be in line with the social return and in accordance with the interests of the endowers. It is appropriate to consider measuring and determining these risks as indicators of endowment growth or lack thereof. This allows monitoring, measuring, and managing risks to minimize and mitigate them.

#### **(g) Profitability Ratios**

It is also important to monitor the profitability ratios achieved by endowment investments. This ensures the quantitative amount of funds that enable the endowment to sustain its expenditures on the deserving aspects of the endowment. Without a capital balance from endowment funds, the ability to spend on operational and investment expenses becomes limited. Many real estate endowments suffer due to a lack of necessary funds for maintenance and renovation, which ultimately threatens the existence of the endowment.

#### **(h) Accounting Information Indicator**

Accounting information is also an important indicator in endowment-related savings and investment decisions. Any decision depends on the suitability, sufficiency, and quality of the information on which it is based. Sufficient and abundant information aids in decision-making and selecting appropriate alternatives. There is a correlation between the effectiveness and efficiency of decisions and the quantity and quality of accounting information in management

and operational processes.<sup>(1)</sup> Endowments that rely on an accounting system and information are indicators of endowment growth, sustainability, and successful operations. Conversely, the absence of an accounting system and information for the endowment institution indicates the opposite. A good accounting system serves the following roles: providing information that aids in financial analysis and forecasting, reducing costs in operational processes, improving the quality of outputs, and contributing to strategic planning through capital budgeting. It also helps make investment decisions, plan production processes, and determine expected returns and distributions related to endowment expenditures. The importance of accounting information goes beyond its quality in terms of measurement and operation. It extends to the information's auditability, verification, transparency in relation to the operations and activities of endowment institutions, and financial disclosure of results and operations. This enhances confidence among the endowers, stakeholders, regulatory authorities, and supervisory bodies in the country. Additionally, it facilitates comparability among endowment institutions by requiring the standardization of accounting information systems, making comparisons feasible even if measurement and disclosure methods differ between small and large institutions. There are principles that need to be implemented regarding endowments, and they are as follows:<sup>(2)</sup>

- The principle of financial independence for endowments: It is considered an independent accounting and administrative unit, regardless of whether the supervisory authority over the endowment is governmental, private, individual, or collective. Thus, the transactions of the endowment are independent and subject to accountability according to the applicable regulations and laws.
- The principle of the time period: The life of the endowment is divided into time periods, and at the end of each period, revenues and expenses are measured, and the surplus and deficit are presented. This is necessary as some benefits, costs, returns, and expenses are associated with specific time periods. Recently, some countries have required endowment institutions to submit audited financial statements to external auditors at the end of each financial period.
- The principle of cash and accrual measurement of endowment transactions:

(1) Jaafar Pyeman, Hazriah Hasan, and Ismail Ahmad, "Modernizing Waqf Performance Evaluation by Waqf Management Efficiency Index," *Asia-Pacific Management Accounting Journal* 11, no. 2. (2016): 65-78.; Evania Herindar and Aam Slamet Rusydiana, "The Measuring Efficiency of Waqf Fund," *Al-Awqaf: Jurnal Wakaf dan Ekonomi Islam* 14, no. 2. (2021): 107-122, <https://doi.org/10.47411/al-awqaf>.

(2) Al-Azazi Abdulaziz Saeed, "The Role of Accounting Information in Evaluating Endowment Investments: A Comparative Study," (Unpublished PhD thesis, Omdurman Islamic University, Sudan. Omdurman, 2006), <http://search.mandumah.com/Record/563946.122/125/174/199/222>.

- They are measured in the books and records, and when preparing financial statements, they are based on cash measurement. In the case of assets, they are recorded in statistical records and cards based on quantities and then valued in monetary terms based on prevailing prices.
- The principle of presentation and disclosure: Presenting and preparing financial statements and financial reports periodically and providing useful information that assists in monitoring, evaluating activities, and making decisions. This includes endowment trustees, beneficiaries, and supervisory authorities. The returns on invested endowment funds vary depending on the nature of the invested principal, and the revenues of endowments also vary depending on the type of income-generating endowment, such as rental income, monopoly system returns, company returns, securities profits, stocks, bonds, bank investment returns, agricultural project profits, and company profits. The required indicator is to substantiate these returns based on their nature according to an accounting system and to analyze each type as a revenue source, some of which can be used to avoid investment expenses, maintenance, renovation, and allocations that can be distributed to beneficiaries according to Shariah controls and the conditions of the endower. It is also possible to allocate a portion of them for reinvestment if necessary, according to Shariah controls, and all operations should be detailed, including an investment operations account, a total investment account for endowment funds, and an account for maintenance and renovation expenses.

### **(i) The indicator for comparing return and risk**

When investing, it is necessary to consider comparing the expected return and the risk arising from the investment process. Through the probabilistic distributions of returns, investors can make investment decisions that achieve the expected return at a certain level of risk. Risk refers to the total variability in the return on investment, directly proportional to the expected return. Based on the theory of portfolio investment, investors choose among various investment instruments, such as stocks and currencies, and differentiate between the expected return for each investment within the portfolio and the risk associated with that investment.<sup>(1)</sup> This is done in order to achieve the appropriate return. The return on investment is considered the cornerstone of endowment investment decision-making. It is the primary objective of the investment process and the basis for assessing risk. According to the

(1) James J. Fishman, "What Went Wrong: Prudent Management of Endowment Funds and Imprudent Endowment Investing Policies," *Journal of College and University Law* 40, no. 2 (2014): 209–210, <http://digitalcommons.pace.edu/lawfaculty/958/>.

investor's perspective, the return is based on the increase in the value of the asset or wealth at the end of the period compared to its value at the beginning. Table 1 summarizes the main set of endowment growth indicators and the areas of measurement they cover. This list of indicators is not exhaustive and is proposed as an initial framework by the author for the most important indicators covering the administrative, financial, accounting, and investment fields. It will be subject to increase in the future according to the need to cover aspects that are not covered by these other indicators.

**Table 1: Summary of the proposed measurement area and indicators' formulas**

Measurement Area	Indicator's formulas
Administrative	<ul style="list-style-type: none"> <li>- Rate of compliance with regulatory requirements.</li> <li>- Existence of regulatory regulations.</li> <li>- Percentage of registered endowments.</li> <li>- Level of development of policies and operational procedures.</li> </ul>
Institutional	<ul style="list-style-type: none"> <li>- Rate of compliance with governance systems.</li> <li>- Level of transparency and oversight.</li> <li>- Level of capacity building and professional training.</li> <li>- Level of communication with stakeholders.</li> </ul>
Social	<ul style="list-style-type: none"> <li>- Percentage of social contribution to the national income.</li> <li>- Percentage of contribution to employment and workforce.</li> </ul>
Financial and Accounting	<ul style="list-style-type: none"> <li>- The profit margin percentage.</li> <li>- Revenue growth rate.</li> <li>- Return on investment rate.</li> <li>- Liquidity ratio.</li> </ul>
Economic and Investment	<ul style="list-style-type: none"> <li>- The percentage of investment returns collection.</li> <li>- Percentage of the increase and diversification of investment sources.</li> <li>- Degree of diversification in the investment portfolio.</li> <li>- Growth rate in the returns of endowment financial portfolios.</li> <li>- Level of financial sustainability of endowment institutions.</li> <li>- Level of investment risk management.</li> <li>- Existence of investment policies and strategies.</li> </ul>



## 6. CONCLUSION AND RECOMMENDATIONS

This research paper highlights the importance of using indicators to measure and evaluate endowment growth and performance, emphasizing the need for Islamic endowment (waqf) institutions in light of the expanding and thriving endowment sector. These indicators contribute to understanding the level of endowment growth and the extent to which its objectives are achieved. The paper aims to identify measurement indicators for endowment growth, discussing their managerial, organizational, economic, and social dimensions. The results affirm the role of endowment growth indicators in evaluating endowment institutions and emphasize that the measurement process of endowment growth includes social, economic, and developmental aspects.

The paper proposes a set of indicators to measure endowment growth in terms of administrative, institutional, social, financial and accounting, economic, and investment aspects. The proposed indicators cover the minimum aspects of measuring endowment growth. The contribution of this paper is providing a set of indicators to measure the growth of the endowment that can be used as a reference and guide to design appropriate measurement indicators for each endowment institution according to its size, nature of work, and quality of activities. Finding an indicator or evaluation of endowment growth will improve the performance of these endowment institutions and identify areas of strength and weakness.

Some recommendations and policy implications can be provided for evaluating and measuring the institution of waqf, as follows:

- Endowments are one of the most important forms of charitable donations from an Islamic perspective. They involve the ownership and preservation of assets to generate specific benefits under certain conditions and rules. From an economic perspective, these features attempt to transform funds and other resources from consumption needs into investments in productive assets that provide income in the future.
- There is a crucial need to monitor and evaluate the growth of endowments to enhance their role and ensure the desired objectives are achieved. The process of measuring endowments includes indicators of social, economic, and developmental dimensions, using quantitative and qualitative measurements to analyze growth and monitor progress. Using measurement indicators to monitor and analyze endowment growth enhances the effectiveness and efficiency of the systems adopted by endowment institutions.
- The purpose of using financial indicators to assess the performance and

growth of endowment institutions is to ensure that public funds and resources are used in an appropriate and legally acceptable manner. Therefore, it is recommended that both quantitative and qualitative measures be used to reflect not only their financial performance but also the quality of services provided in achieving the social objectives of endowment institutions.

- Financial ratios, along with governance principles, are of great importance in evaluating the growth of endowment institutions. The combination of both makes the evaluation process objective and aligned with the objectives of the endowment institution as a non-profit organization with multiple social and economic goals.
- There is a need to pay attention to accounting information, specifically its quality in terms of measurement and operation of endowment institutions. This enhances trust between endowments, stakeholders, regulatory authorities and supervisory bodies.
- Adopting the proposed indicators will lead to improved endowment reporting practices, especially on financial and non-financial, governance, performance, and socioeconomic impact disclosure. For financial and non-financial disclosure, these indicators are also believed to inform stakeholders about the current state of endowment funds and assets.
- It is important to create social awareness to establish the appropriate types of endowment programs and projects in the right places. Endowment priorities need to be corrected, as in many Islamic countries, endowments are primarily focused on building mosques. By contrast, most Islamic communities face significant deficiencies in healthcare, education, social care, and productive capacities. These problems and challenges call for encouraging endowments to be established in these areas in an institutionalized manner based on modern management systems and good governance.
- The reliance of endowments on an accounting and informational system is one of the most important indicators for measuring the growth, sustainability, and success of endowment operations. There is a correlation between the quality of the accounting and informational systems of the endowment and the efficiency, effectiveness, and growth of the endowment institution.
- This paper is not free of limitations. However, it provides several paths for future research that can focus more on measuring the social impact of endowment, identifying more indicators covering the most important dimensions of endowment growth, and exploring a comprehensive framework for measuring endowment growth effectively.

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