

## Waqf Accountability from the Stakeholder Salience Theory: A Case Study

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### Abstract

This study aims to address the issue of accountability in a waqf institution. Specifically, the focus of this study is to shed more light on how the mutawalli (waqf trustee) discharges accountability in managing waqf. In so doing, an interpretive case study in one Indonesian waqf institution, that is, Dompot Dhuafa (DD), was undertaken. The data were obtained through semi-structured interviews. Other sources of data collection techniques employed along with the interviews include observations and document reviews. Furthermore, this study uses the accountability mechanisms as the conceptual lens. The accountability mechanisms consist of disclosure statements and reports, performance assessment, participation, self-regulation and social auditing. In addition to the accountability mechanisms, the stakeholder salience theory is also used to understand how the mutawalli shows accountability to multiple stakeholders. The findings of this study reveal that although DD recognizes the salient nature of its stakeholders, it does not prevent the mutawalli from showing accountability to all stakeholders. The mutawalli is of the view that accountability is not limited to accounting and reporting. Moreover, the mutawalli believes that showing accountability to different groups of stakeholder requires different mechanisms of accountability. As such, this study concludes that DD's commitment to accountability is proven through its effort to deal with stakeholder salience.

*Keywords: Waqf, accountability, accountability mechanisms, stakeholder salience*

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## **I. INTRODUCTION**

### **1.1 Background of the Study**

Along with the revitalisation agenda of waqf (plural: awqaf) institutions around the world, there is a growing awareness concerning the accountability of the mutawalli (trustee) in managing waqf. The importance of accountability in waqf is indisputable. Being an institution that delivers social services to the community, waqf is required to demonstrate its accountability to a wide range of stakeholders. It is undoubtedly true that accountability had underpinned the success story of waqf in the past, while its decline was attributed to the degradation of the mutawalli's accountability (Rashid, 2008).

Nevertheless, there is a lack of evidence regarding how accountability operates within the waqf context. Although a few attempts have been made to address the accountability issue in waqf (for instance Abdul Rahim, Bakar, & Ismail, 1999; Zain, 2005; Yaacob, 2006; Sulaiman, Adnan, & Noor, 2009; Ihsan & Ibrahim, 2011a; Nahar & Yaacob, 2011), these studies only focused on accounting and performance. In fact, Kasim (2004) argued that accounting cannot be simply taken for granted as the mechanism to achieve accountability. Similarly, Ebrahim (2003) asserted that there are other accountability mechanisms besides accounting and performance that can be used to discharge accountability to the public.

Further, accountability has discipline-specific meanings and the way it is defined and implemented will depend on the ideology, motive, and language (Sinclair, 1995). A better understanding of accountability in awqaf, therefore, becomes imperative. As asserted by Frink and Klimoski (2004), without a good understanding of accountability, organisations are likely to fail. Accordingly, the present study aims to address such issues and provide insights into how accountability is discharged by the mutawalli in managing waqf.

### **1.2 Waqf in Indonesia**

The word waqf is derived from the Arabic word, waqafa, which literally means "to cause a thing to stop and stand still" (Cizakca,

2000, p.1). Another meaning of waqf is pious foundations (Barnes, 1987). Kahf (2003), however, gave an operational definition of waqf as:

*...holding certain property and preserving it for the confined benefit of philanthropy and prohibiting any use or disposition of it outside its specific objective.*

In this study, the term waqf is used depending on the context. As such, it can refer to an "activity", "property" or "institution" of Islamic philanthropy.

In Islam, waqf constitutes one of the key tools for poverty alleviation together with zakat (compulsory charity) and sadaqah (optional charity). Unlike other charities, which are expended on consumption, waqf is unique in the sense that the corpus of waqf should remain as capital. The establishment of a waqf is very simple, in that the declaration by the founder is considered enough to create it. Waqf is thus regarded as part of a Muslim's life and the best endowment system in history (Rashid, 2008).

Waqf in Indonesia has a long history. Its origin can be traced back to the middle of the thirteenth-century, when Islam was first introduced in the country. Waqf had been widely practised by the kings of Islamic kingdoms in the past, such as Aceh and Mataram (Suhadi, 2002). It has been documented by the ministry of religious affairs of Indonesia that during the period of the 1500s to 1600s, there was waqf land in East Java (about 20,615 m<sup>2</sup>). However, there is no clear evidence as to how such land was utilized. Over time, the number of waqf gradually increased, but the majority of those waqf were dominated by land and rice fields. Later, the types of waqf asset diversified to mosques, religious schools and houses for orphans.

During the colonial administration, waqf was used by many Ulama as the means to resist colonialism (Prihatna, 2005). Waqf properties such as Islamic boarding school (pesantren) were used as medium to educate the people in order to resist western influence and ideology brought by the colonialism (Gofar, 2002). As such, in order to control waqf activities, the Dutch government issued several waqf regulations. For instance, the Bijblad op het Staatblad No. 6196/1905 was a regulation, which mandated that any

establishment of waqf should be authorized by the Dutch government (Gofar, 2002). However, none of them was really effective in regulating waqf. The Muslim community considered all the regulations issued by the Dutch government as strategies to restrict their religious activities. For example, in the *Bijblad op het Staatsblad* No. 13390/1934 it was mentioned that the building of mosques and performing Jum'ah prayer should be authorized by the Dutch government. Based on this, the Muslim community resisted the colonial laws.

Some regulations relating to waqf had been introduced by the Indonesian government after independence. However, those acts were not specifically directed to waqf administration; rather, they included other social issues, such as marriage and heritage. It was at the end of 2004 that the specific act for waqf, that is, Act No. 41/2004 on Waqf was enacted, in which there are some important matters relating to waqf administration, such as the roles and responsibilities of the mutawalli, types of waqf asset, the designation of waqf assets, as well as the establishment of the Indonesian Waqf Board<sup>5</sup>, that are incorporated in the Act. Though the Waqf Act does not specifically state how the mutawalli should prepare accounts for their reporting, it has been helpful in enforcing the professionalism of waqf management in Indonesia. For instance, it has taken into consideration the main problems faced by waqf institutions, such as unskilled mutawallis (Hasanah, 2003), misuse of waqf assets (Al-Makassary, 2003) and the unstructured management of waqf institutions (Prihatna, 2005). In addition, the Act also concerns the accountability of the mutawalli. For example, in chapter 5 section 43 of the Act, it is stated that the mutawalli is responsible for managing and developing waqf assets in accordance with the objective of waqf.

The enactment of the Waqf Act in Indonesia is a reflection of a growing awareness towards waqf development in the country. Inasmuch as the Waqf Act provides an opportunity for the private sector to manage waqf, accountability becomes a crucial element in this regard. This is not only due to the fact that waqf is aimed at serving the society, but also because, in the future, accountability will become a necessity as there will be "competition" among waqf

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5 Original name is Badan Wakaf Indonesia (From hereafter referred to as BWI)

institutions to win public trust. As such, the current study will be undertaken in Indonesia given the relevance of the issue of accountability on waqf management in the country.

### 1.3 Research Problems

Some previous studies emphasized accountability as one of the means of revitalizing awqaf institutions (see for example Ali, 2002; Ihsan, Ayedh, & Ibrahim, 2006; Cajee, 2008; Rashid, 2008). Despite the growing expectation for greater accountability, many waqf institutions today fail to take it seriously, and there have been some cases where waqf assets were misused and mishandled (Yaacob, 2006; Ihsan & Ibrahim, 2011a). Ironically, Rashid (2008) indicated that the common perception about those persons who manage waqf assets is one associated with dishonesty, corruption and mismanagement. Rashid believed that the phenomenon of lack of accountability is due to the decline of the standard of morality. He further argued that colonization has accelerated moral degradation through the removal of shariah based norms from every aspect of a Muslim's life.

In order to remedy the phenomena of the lack of accountability in waqf, Rashid (2008) urged the religious orientation to the mutawalli. He believes that through this method, the mutawalli's accountability can improve. However, as to whether Rashid's opinion is true has not been tested empirically. It is indeed interesting to know those factors that can actually improve the accountability. However, before giving the prescription for the improvement of accountability, it is important to understand the concept of accountability itself in the awqaf setting. As Sinclair (1995) said, the most essential issue with regard to accountability is its understanding. This is because, if there is no clear consensus about accountability, the means to deliver it will vary. Therefore, the focus of this study is to understand and explain the phenomena of accountability within the institution of waqf.

The main research question in this study is "How does the mutawalli discharge waqf accountability?" From this research question, there are some specific questions that can be derived as follows:

- a. Who are considered as waqf stakeholders by the mutawalli?
- b. What are the mechanisms used to discharge accountability to different groups of stakeholders and why does the mutawalli use these mechanisms?
- c. Do stakeholder salience asymmetries exist among waqf stakeholders? If yes, how does the mutawalli deal with the salient nature of the waqf stakeholders?

## II. LITERATURE REVIEW

### 2.1 Waqf Accountability-related Studies

While the call for accountability in managing waqf has emerged in the last few years, studies on accountability and its related issues, such as accounting, performance and governance, have received little attention in waqf literature. According to Hoexter (1998), the scarcity of waqf accountability literature is due to the fact that the subject of waqf was marginal and only attracted a small number of students and researchers to investigate. She furthermore asserts that the existing studies on waqf focused on some major themes, such as legal aspects; socio economic and political aspects and issues relating to women and waqf, but remained silent on accountability.

Nevertheless, some attempts have been made to investigate accountability-related issues, which mainly focus on the accounting and reporting of waqf. Of the existing accountability-related studies, only a very few have been published. For instance, there are two studies by Yayla (2007) and Toruman, Tuncsiper, and Yilmaz (2007), which scrutinized the accounting practices in the Ottoman Empire. Yayla investigated accounting practices in Sultan Suleyman Waqf by reviewing the Ottoman archives. He found that the book keeping process had been carried out at that time. In addition, Yayla discovered that accounting records were used to measure the performance of waqf by the Sultan's commissioners. This finding is supported by Toruman *et al.*, who carried out a similar study on accounting practices for cash waqf in the Ottoman Era. Toruman *et al.* discovered that accounting practice on waqf had been carried out from 1490 to 1928. In short, these two studies prove that accounting was used as a controlling device for waqf management during the Ottoman Empire.

In today's context, the literature shows that there are three main themes that emerged concerning accounting for waqf. Firstly, accounting for waqf is important for better accountability of waqf institutions, hence there is a call for setting up accounting and auditing standards for awqaf (see for example Marsoof, 2004; Adnan, 2005; Ihsan *et al.*, 2006; Cajee 2008, 2011; Pirasteh & Abdolmaleki, 2007; Rashid, 2007). Secondly, the diversity in accounting practices among waqf institutions is due to the absence of accounting standards for waqf (Abdul Rahim *et al.*, 1999; Zain, 2005; Yaacob, 2006; Sulaiman *et al.*, 2009; Ihsan & Ibrahim, 2011a). Thirdly, due to the fact that waqf accounting standards has not been established, it is necessary to learn the existing similar standards for charity or AAOIFI's Statements of Financial Accounting to develop waqf accounting concepts and standards (Adnan, *et al.*, 2007; Ihsan & Ibrahim, 2011b)

With regard to the first theme, Marsoof (2004) urged the improvement in accounting procedures since it is one of the significant elements for the betterment of waqf institutions. This idea was developed from his study on waqf administration in Sri Lanka where he found that the management of waqf has not been optimized. He therefore suggested the development of accounting procedures and standards for waqf. In line with Marsoof, Adnan (2005) supported the idea to develop waqf accounting standards. He provided two alternative models of waqf accounting in which waqf can be seen as a social organisation or waqf is regarded as an organisation that tries to maximize its resources through investment activities. If waqf is seen under the former assumption, accounting for non-profit organisations will be sufficient to be adopted. However, if waqf is considered under the latest assumption, accounting for commercial organisations can be adopted. Ihsan *et al.* (2006) were of the same view in that they believe that accounting standards can improve accountability and transparency of mutawallis in managing waqf assets. The studies by Cajee (2008, 2011), Pirasteh & Abdolmaleki (2007), and Rashid (2007) did not actually address accounting issues; rather they were aimed at identifying some factors that could accelerate the revival of awqaf. However, these authors were of the same view that accounting for waqf is needed as it is part of best practice, and, therefore, can improve the revitalization process of awqaf.

The second theme is that accounting practices vary among waqf institutions. This issue actually arises from the studies on waqf in Malaysia and Indonesia. A study by Abdul Rahim *et al.* (1999) is a preliminary one that explores the accounting as well as administration practices among State Islamic Religious Councils (SIRCs) in Malaysia. The findings of this study reveal that there was an unsystematic management as well as lack of accounting system for waqf assets, in which case there were no written procedures to record waqf financial transactions. In addition there was no detailed information about waqf assets. Therefore, Abdul Rahim *et al.* presume that this phenomenon occurred because there was no federal authority to coordinate all waqf in Malaysia. Thus, for the improvement of waqf management, they suggest the establishment of a waqf department that will coordinate waqf in Malaysia.<sup>6</sup> In addition to management improvement, Abdul Rahim *et al.* also recommended the improvement of accounting procedures to ensure the internal control of waqf administration.

Another study on waqf accounting, which was undertaken by Zain (2005), examined the status of financial reports, and determined the level of waqf disclosure and financial procedures adopted by the State Islamic Religious Councils (SIRCs) in Malaysia. She discovered that SIRCs vary in terms of the status on producing the latest annual report. The majority of SIRCs had overdue and outdated financial reporting. In addition, most of SIRCs showed a low level of disclosure in their annual report. Another finding from this study was that there was no specific guideline in preparing and maintaining the waqf report. Therefore, Zain suggested having a proper guideline manual for maintaining waqf assets.

Yaacob (2006) conducted a study on waqf accounting based on a case study of the Federal Territory SIRCs Malaysia. This study aimed to obtain a better understanding concerning waqf administration and management. From his study, Yaacob revealed that there was some improvement of waqf accounting in terms of record-keeping in the Federal Territory SIRCs. However, there was still no specific financial statement for waqf or separation between

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6 In 2004, the Department of waqf, zakat and haj, was established in Malaysia in order to coordinate all matters regarding waqf, zakat and haj in the country (Mashitoh, 2006). However, there is no study conducted so far to assess the effectiveness of this department in monitoring waqf in Malaysia.



the different types of waqf made. Therefore, for improvement, he suggested some accounting practices for waqf based on SORP 2005.

A more recent study was undertaken by Sulaiman *et al.* (2009). They examined the account of the International Islamic University Malaysia Waqf Fund (IIUMWF). This study discovered that although the annual account is always prepared for internal use the IIUMWF does not make the waqf account available to the public. Interestingly, although the IIUMWF is not one of the units in the university, it prepares balance sheets, trading and profit loss account and cash flow. Indeed, it helps the management in measuring the performance of IIUMWF. Sulaiman *et al.* (2009) suggested improving the disclosure level as the IIUMWF is involved in managing public funds.

In order to gain a better understanding of waqf accounting, Ihsan and Ibrahim (2011a) undertook another case study in two Indonesian waqf institutions. The finding of this study shows that there are different accounting practices in two waqf institutions. It is revealed that the two waqf institutions vary in terms of public transparency. Ihsan and Ibrahim believed that the phenomenon of dissimilarity of accounting practices between awqaf institutions is due to the absence of accounting standards for waqf in Indonesia, and, therefore, recommended developing accounting standards as this can improve the accountability of the mutawalli in managing waqf.

There is a common phenomenon from the above review, which is the absence of accounting standards for waqf. Thus, due to the fact that waqf accounting standards have not been established, Ihsan and Ibrahim (2011b) opined that it is necessary to learn from existing similar standards, such as the Statement of Recommended Practice (SORP 2005) for charity. Ihsan and Shahul were of the view that the structure of SORP 2005 is sophisticated and could encourage the trustee of charity to be more accountable. They suggest developing waqf accounting standards based on the SORP model with some modification. Adnan *et al.* (2007) agreed with this idea. In addition to learning from SORP 2005, they proposed investigating AAOIFI's Statements of Financial Accounting to develop an accounting conceptual framework and standards for awqaf institutions.

Other than the aforementioned studies, there are two recent studies that specifically address the accountability issue in waqf, i.e. Nahar and Yaacob (2011) and Osman (2012). Both studies were conducted in the Malaysian waqf setting. The study by Nahar and Yaacob (2011) investigated accounting, reporting and accountability practices in one SIRC in managing cash waqf. By using Stewart's ladder of accountability, this case study found that the mutawalli had fulfilled fiscal, process, programme and policy accountabilities to the stakeholders. However, although the ladder of accountability was fulfilled, Nahar and Yaacob discovered that there are some issues pertaining to the preparation of financial reporting. Due to the absence of accounting standards for waqf, some accounts were mistakenly presented by the mutawalli in the financial statement. In addition, there was low awareness of the mutawalli to make the waqf financial statement publicly available since there was no law enforcement to do so.

Another study, by Osman (2012), tried to examine the way accountability is perceived and experienced by the mutawalli. This study was conducted in two SIRC in Malaysia. The findings of the study revealed that it is Islamic values, i.e. belief in the Day of Judgment that led the mutawalli to be proactive in showing holistic accountability. The Islamic values furthermore characterize the mutawalli's felt (personal) accountability. Furthermore, the study also found that the formal relationship between superiors and waqf officers influence the way waqf officers experienced their felt accountability. In a limited autonomy circumstance, the waqf officers are more likely to be difficult in showing felt accountability. In contrast, in a wider autonomy, the waqf officers will be more free to express their felt accountability, and, hence, can fulfil holistic accountability accordingly.

The above review indicates that the need for greater accountability to hasten waqf revival is undoubtedly true. Nevertheless the methods by which accountability can be improved are still limited to accounting tools. As can be seen from the study by Nahar and Yaacob (2011), although they claimed that their study was aimed at investigating accountability, the focus was still on accounting and reporting. In fact, accounting is only one of the accountability mechanisms (Ebrahim, 2003). Furthermore, although a study by Osman tried to see the practice of holistic accountability,

his study gives more emphasis to accountability from the personal view of waqf officers rather than the waqf institution as a whole. Hence, it provides room for the current research to undertake a more comprehensive accountability study within the waqf institution.

## **2.2 Theoretical Framework**

### **2.2.1 Accountability Mechanisms**

The five accountability mechanisms proposed by Ebrahim (2003) are used in this study to understand how the mutawallis discharge accountability. Indeed, these mechanisms provide a clear guideline with regard to how the mutawallis operationalize accountability. The accountability mechanisms consist of disclosure statements and reports, performance assessment, participation, self-regulation and social auditing (Ebrahim, 2003).

There are several reasons for using accountability mechanisms, which are mainly proposed by Ebrahim (2003) in his study. Firstly, it is apparent that Ebrahim made accountability visible through several mechanisms. Although there were previous proponents of the accountability framework for non-profit and non-governmental organisations (for example, Edwards & Hulme, 1996; Najam, 1996), they did not explain how it should be operationalized. In fact, Roberts (1991) asserted that visibility is very important in accountability conceptualisation. Secondly, the five mechanisms proposed by Ebrahim are arguably more comprehensive compared to others. For instance, other writers like Jacobs (2000) focus on accountability mechanisms based on only two mechanisms, namely, reporting and performance. Brennan and Solomon (2008), on the other hand, were concerned with reporting and board of directors as accountability mechanisms. Thirdly, using Ebrahim's mechanisms of accountability will give a clearer image as to how the mutawalli deal with the multiplicity of accountability. As asserted by Cordery and Morley (2005), different groups of stakeholder might need a different approach of accountability. Thus, in order to evaluate the position of stakeholders in determining awqaf accountability, the stakeholder salience framework, which is developed by Mitchell, Agle, and Wood (1997),

is employed in this study. The next section will discuss the stakeholder salience theory.

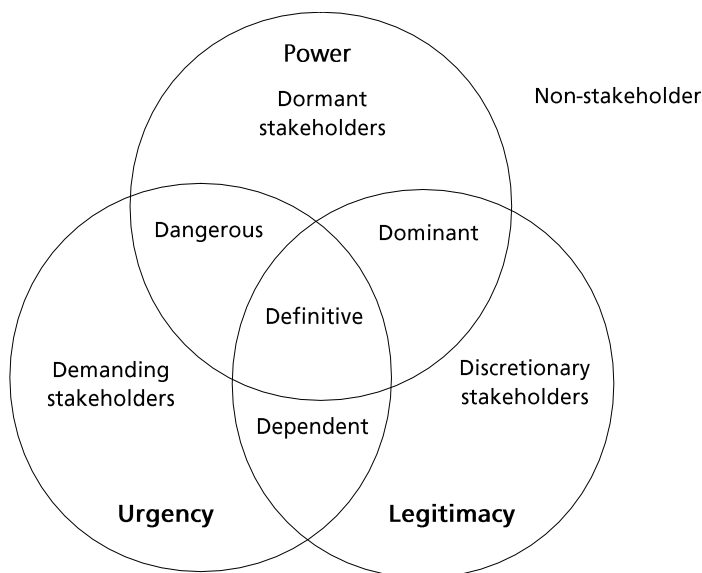
### 2.2.2 Stakeholder Saliency theory

The stakeholder salience theory is considered as one of the instrumental branches of the stakeholder theory, which prioritizes the stakeholders' interests comprehensively (Alam, 2006). Mitchell *et al.* (1997) propose the qualitative classes of stakeholders, which can be identified by the following attributes: 1) stakeholder's power to influence firm, 2) the legitimacy of stakeholder's relationship with the firm, 3) the urgency of the stakeholder's claim on the firm. Mitchell *et al.* defined power as the ability to get the outcome that someone desire. Legitimacy on the other hand is related to socially accepted claims of the stakeholder. Meanwhile, urgency is associated with the calling for immediate attention.

Furthermore, Mitchell *et al.* (1997) explained the aforementioned attributes as follows; power is exercised through three sources, that is, coercive power, utilitarian power and normative power (Etzioni, 1964 as cited in Mitchell *et al.*, 1997). Coercive power is related to the use of physical sanction to force others. Utilitarian power on the other hand is associated with the use of financial, goods, or services to control something. Meanwhile, normative power is other than physical and material control, which normally appears in symbols, such as prestige, esteem, love and acceptance. With regard to the attribute of legitimacy, there are some factors that can enable the stakeholders to legitimately make a claim. This encompasses moral, legal and property-based legitimacy claim. Urgency as another attribute is constituted by time sensitivity and criticality. Time sensitivity implies that to delay in fulfilling the claim is unacceptable to the stakeholders. Meanwhile, criticality refers to the level of importance to attend the stakeholder's claim.

Based on the above attributes, Mitchell *et al.* (1997) proposed seven types of stakeholder: three possessing only one attribute, three possessing two attributes and one possessing all three attributes. The rationale behind the stakeholder salience model is that management has limited time and resources to provide information to various stakeholders. Therefore, management has to

focus on stakeholder's needs. The types of stakeholder, as proposed by Mitchell *et al.* (hereafter referred to as MAW) is presented in the following figure:



**Figure 1.**  
**Stakeholder Typology**

Source: Mitchell *et al.* (1997)

Mitchell *et al.* (1997) assumed that the salience of particular stakeholders will be low if only one attribute is present, moderate if two attributes are present and high if all attributes are present. Based on the figure above, Mitchell *et al.* classified stakeholders into three general classes. Firstly, latent stakeholders are those who possess only one of the three attributes. This class includes dormant, discretionary and demanding stakeholders. Secondly, expectant stakeholders are those who possess two attributes. This encompasses dominant, dependent and dangerous stakeholders. Definitive stakeholders are those who possess all three attributes. Lastly, those who possess none of these attributes are considered as non-stakeholders.

Cordery and Morley (2005) agreed that the MAW model can be a good instrument for assisting management in identifying the relationships of accountability in the charitable sector. Furthermore, Cordery and Morley provided examples of how the MAW model can be applied to show accountability to various stakeholder groups in the charitable sector by combining it with Hayes' types of accountability, i.e. fiscal accountability, process accountability, programme accountability and accountability for priorities. While Cordery and Morley (2005) employed the MAW model to assess accountability in the charitable sector, Assad and Goddard (2010) examined this theory within the accountability of NGOs. Their reason for employing the stakeholder saliency theory in NGOs is because this sector is associated with various stakeholders, and, hence, has multiple accountabilities. As mentioned by Najam (1996), multiple accountabilities prove more difficult in prioritising the multiple needs and interests of stakeholders. Therefore, Assad and Goddard (2010) argued that employing the stakeholder saliency theory will enable the organisation to classify stakeholders with which the organisation interacts. Giving priority to the need of a certain group of stakeholders is considered normal, as Najam (1996) stated that it is impossible to demonstrate equal accountability to all, at all times. Similar to NGOs and charitable organisations, waqf comprises many stakeholders to which accountability is due. This study, therefore, employs stakeholder saliency to see how waqf serves multiple stakeholders in discharging accountability.

### III. METHODOLOGY

#### 3.1 Research Design

This research employed the interpretive case study design. The reasons for using case study are based on the fact that it provides the opportunity to the researcher to understand the nature of accountability in practice and to cover the contextual condition of the organisation being studied. Further, the researcher chose Dompét Dhuafa<sup>7</sup> (hereafter refers to as DD) as the case setting for this study. The selection of the case is based on the theoretical

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<sup>7</sup> Dompét Dhuafa means wallet of the poor.

aspects instead of statistical sampling (Eriksson & Kovalainen, 2008). It is apparent that the issue of accountability becomes a major concern of this institution as can be seen in its organisational principles. The first principle of DD is "moral and trustworthy" while another principle is "accountable to God and the stakeholders" (Dompot Dhuafa, 2010).

### 3.2 Data Collection

In carrying out this study, the researcher used interviews as the main source of data. Along with interviews, other data collection techniques, such as observations and a review of documents, were also used. The reason for using multiple sources of data is because it allows the researcher to triangulate data, which can help the researcher to reach data saturation (Shank, 2002). In addition, collecting data from multiple sources on the same issue can improve the validity of the findings, which is called contextual validity in the case study (Scapens, 1990).

### 3.3 Data Analysis

In analysing data, a thematic network was used in this study. A thematic network is basically similar to thematic analysis, which is currently widely used as an analytic method. According to Braun and Clarke (2006, p. 79) thematic analysis is "a method for identifying, analysing and reporting patterns (themes) within data". The reason for using thematic analysis in this study is because this analytic tool has some advantages, which, among others, include the ability to summarize key features of large data; to highlight the similarities and differences among the data; and use in making analysis pertinent to policy development (Braun & Clarke, 2006).

Thematic network is built from basic, organising and global themes. The basic theme is the most basic theme, which is derived from the textual data. The organising theme is a middle-order theme, which is constructed from clustering similar issues of some basic themes, while the global theme is a super-ordinate theme, which is formed by the organising themes. The global theme leads to the concluding tenet; therefore, it can also be seen as the

summary of the main themes, which give interpretation of the whole text.

## IV. FINDINGS AND ANALYSIS

### 4.1 Case Setting

The DD is an Islamic charitable institution that focuses on empowering the society through managing various Islamic charitable funds (waqf, zakat<sup>8</sup> and infaq<sup>9</sup>) and other donations. It was founded in April 1993 by the editorial boards of *Republika*, one of Indonesia's national newspapers. Headquartered in Jakarta, DD currently employs about 100 employees. For more than two decades of its activities, this organisation contributed significantly to poverty eradication in Indonesia.

DD currently manages various waqf assets such as hospital, clinic, boarding schools, vocational training centre, which are addressed to provide free health and education services to the poor. In addition to these, there are some waqf assets which are used for commercial purposes such shopping complex and food court. The profits earned from these commercial assets are used to support health and education programs accordingly. In managing those waqf assets, DD established a semi-autonomous organisation, called *Tabung Wakaf Indonesia (TWI)*.

### 4.2 Case Findings

#### 4.2.1 Identifying the Stakeholders

Although many parties are involved in DD's activities, generally, there are four principal groups of stakeholders that were mentioned by the mutawalli during the interviews - waqif, beneficiaries, government or regulator, and public at large. The waqif is considered as a stakeholder because of their financial contribution, while the beneficiaries or the poor are important due to the fact that they are the end users of the waqf programmes. The government is also included as one of the stakeholder groups

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<sup>8</sup> Zakat is compulsory

<sup>9</sup> Infaq is voluntary charity



by DD management. Although currently DD did not interact intensively with those who are in the authority, the management is aware that in future the government can potentially influence waqf management. This is because the Waqf Act stated that if the mutawalli failed to show their responsibility in managing waqf, the BWI, as the representative of the government, can change the mutawalli for one of the others.

Another stakeholder is the public at large. The chairman of the board of trustees said that DD is not only devoted to the local citizens, but also to anyone who needs assistance globally. This is actually the reason why, in the last few years, DD was very actively involved in assisting with humanitarian problems around the world.

Among the aforementioned stakeholders, there are different opinions regarding to whom accountability should be prioritized. The chairman of the supervisory board (former director) emphasized the poor or the beneficiaries as the most important stakeholder. He is of the view that the poor is the reason why the foundation exists. He affirmed that DD should serve the poor in the best way:

*Actually, the essence of Dompét Dhuafa, of course other than God, is the poor. So, I've tried to destroy the selfishness of my colleagues. I said, you, don't be proud. You are here because of the poor. So don't be proud. Serve the poor and work for them. If you serve the poor in the best way, Allah's blessing will come. If Allah's blessing is there, all of the stakeholders will come to you.*

The abovementioned idea is supported by the director of the free clinic. He testified his belief in the need to give the best service to the poor. He agreed, that without the poor, DD would not exist.

*The idea is like this, we are here because of the poor. If the poor do not need our assistance anymore, we will not exist, right?...For me, I believe in what the former director said. If we utilized the fund properly to help the poor, this institution will automatically develop. That's what we call a blessing. And it is true. From the beginning, we never faced a shortage of funds.*

However, the executive director of DD appears to have a different idea. Although he indicated that the desire to show accountability to all stakeholders is there, he conceded that it seems to be difficult for the foundation to implement. The management has given priority to a certain group of stakeholders in terms of discharging accountability, considering the time and human resources limitation. At the end of the day, the waqifs are still the priority of DD in discharging accountability.

*We want to treat all stakeholders equally regarding accountability. At least it is our intention. But in practice, it can't be like that. Therefore, if we are asked to choose, at the end of the day we still give priority to the waqifs.*

The executive director furthermore explained another reason why he put the waqif as the most important stakeholder. He stated,

*In an organisation which raises funds from the public, like us, without money, this institution will die. We cannot help others if no one helps us. So, I am from this extreme side.*

The idea to be accountable to the waqif is apparently driven by the fact that the donors have contributed economically to the development of DD. In fact, the president director indicates the same perception about DD's dependence on the economic resources from the waqif, although, at the same time, he does not contend the importance of the poor in DD's activities.

The former director, on the other hand, clearly condemned the idea of putting the waqif as the priority in discharging accountability, although he did not oppose the idea that waqifs are important for DD. However, he opined that overly focussing on satisfying the waqif does not portray the genuine values of the foundation. For him, determining the most important stakeholder is not as simple as giving an account or report. He believes that the way DD shows accountability will reflect the underpinning values of the institution.

*If you put waqif as priority, you are finished! It is kind of shifting values. In fact, there are so many waqifs who do not want their names to be disclosed.*

He furthermore strengthened his argument with the following statement,

*Our Prophet P.B.U.H. said, if you want to find me, find among the poor. The poor! It's not about the physical appearance, but values. There is Allah's blessing among them. The prayer of the poor. Ooo....now if you decide to praise the waqif, that's really a problem.*

The former director of TWI (currently serves as health general manager of DD) seems to be aware of these contrasting ideas. In fact, he indicated that he is on the former directors' side. The following quote indicates his acceptance of the idea of putting the poor as priority in accountability.

*I understand why the former director talked about that. That's because he witnessed the history of this foundation. Honestly, I agree with him. I am trying to interpret, what he said referred to values actually. It is true, as a social institution, our core is values. Perhaps, we already shifted now. Not changed....but maybe more to corporate culture.*

The disagreement in identifying to whom accountability should be prioritized is more likely due to the different perception about the DD's existence. While the chairman of the supervisory board insisted that DD's existence is due to the poor, the executive director believed that DD would not be established without money. Clearly, the executive director acknowledged this different point of view. However, he is convinced that this difference does not aggravate tension between them. In his statement, he said,

*The former director believed that this foundation exists because of the poor. I said, he is from the left extreme. I am from the right extreme. I believe that, this institution exists due to the money. But later, these two ideas have compromised and I think there is no longer extreme.*

Regardless of the confusion surrounding how the mutawalli defines to whom accountability should be prioritized, the executive director assured that it does not weaken the significance of

accountability at DD. He claimed that the commitment to accountability is very clear. According to him, the different priority given is due to different levels of urgency. Therefore, DD uses different approaches to show accountability to different groups of stakeholder.

#### 4.2.2 Different Stakeholder, Different Approach

In showing accountability to different groups of stakeholder, DD chose different approaches. To the waqifs, DD sends regular reports each month, which consist of financial statements, donation reports and a newsletter. Some waqif who contributed large amounts of waqf are sent annual reports. The finance operational director admitted that DD gives priority to the waqifs with regards to delivering reports.

*We make it delivering reports to waqifs as our routine and indeed we need to do that. It is true that we give special attention to that. This is because the financial resources of this institution are from the waqif. So we try to increase the amount of donation. That's why we try to give excellent service to the waqifs. We do that through regular monthly reports.*

In supporting the above opinion, the education general manager believes that delivering reports constantly will ensure the sustainability of the financial resources.

*We have to send regular reports to the waqifs. Because, most of the time, once we send the report, another donation will come. That's why in DD we ensure that the reports should be ready.*

In addition to the reports, DD shows its accountability to the waqif through regular visits. Although only particular waqif are visited, the management believe that it could help maintain the waqif's trust on the foundation.

To show accountability to the beneficiaries, two approaches are made. Firstly, by involving as many as possible of the poor in DD's programmes, and, secondly, by rendering the best service to them. As the director of the free clinic said respectively,

*We should be transparent to the poor in the sense that there is no discrimination. I remember what the executive director said; everybody should be able to access our programme.*

*We know that our patients are poor. They came here to get health services for free. It is our challenge actually. How to serve them as if we serve those who paid. So, accountability to them means that we solve their problems. If they need operation, we will do that.*

In line with the above quotes, the executive director opined that accountability to the beneficiaries is implemented through spreading all information about DD's programmes to the poor, so they can participate in the programmes. According to him, the poor do not need financial statements, as it is not relevant for them. In supporting his opinion, the finance and operational director said:

*Regular reports to the beneficiaries? Is it important? If they ask we will give. We have no problem with that. But we never specifically delivered reports to the beneficiaries.*

Accountability to the government and public at large, on the other hand, is shown through the audited financial statements. Although DD recently registered with BWI, the management claimed that the financial statements were sent regularly to the department of religion. The finance and operational director explained:

*Every year we delivered a report to the government, through the department of religion. Although they claimed that we never sent. Maybe they don't keep the report. I don't know.*

To the public at large, DD provides financial information through the magazine, website and newspaper. The management is of the view that publishing DD's financial statement in various media can be an effective marketing strategy in introducing the foundation and thus can attract new donors to contribute.

There is one mechanism of accountability, that is, social auditing that DD does not practise. As Ebrahim (2003, p. 822) said, social auditing is "...a complex process that integrates many elements of accountability mechanisms..." Moreover, Ebrahim emphasizes that social auditing is conducted through stakeholder dialogue. Although DD implements various mechanisms to show its waqf accountability, the customer relationship manager of DD admitted that it is difficult to arrange a formal occasion for stakeholder dialogue, as many waqifs are reluctant to take part:

*We had a plan to conduct a public hearing or something like that. But our waqif and donors did not want to support that programme. They said that the money they have donated is to help the poor, not for this kind of event. I think, this is also because of the sincerity of our donors.*

Ebrahim actually agrees that the main obstacle in doing social auditing relates to the cost and time constraints.

### 4.3 Discussion and Analysis

#### 4.3.1 Defining Waqf Stakeholders

As presented previously, four major groups are identified as waqf stakeholders, that is, waqif, beneficiaries, government or regulator and public at large. This is consistent with Freeman (1984, p. 46), who defined stakeholder as "...any group or individual who can affect or is affected by the achievement of the organisation's objectives". With regard to the different opinions as to whom accountability should be discharged most, it is actually closely related to the history of DD and its current management. As mentioned previously, the chairman of the supervisory board, who insisted that the poor should be prioritized in accountability, is one of the DD's founders and led DD as a director for ten years. Therefore, he knew and really understood the history behind the establishment of the foundation. Besides the poverty problems, which inspired the establishment of DD, the name of the foundation also indicates that the founding fathers wanted to dedicate DD to the poor. The decision to choose the word 'dhuafa'

which means “the poor” implies how much DD cares for the poor (Helmanita, 2005).

Meanwhile, the current management is of the view that the priority of accountability should be given to the waqifs. Although the former director said that putting waqifs instead of the poor as the priority does not portray the genuine value of DD, there is a reason behind prioritizing donors. This belief is actually associated with the current logo of the foundation. While previously DD’s logo was a fishing rod, which means “empowering the poor”, from 2010, DD changed its logo to a spear which implies “hunting”. The president director who proposed this change said:

*Our logo was a fishing rod. The philosophy of this logo was, give a fishing rod to the poor instead of fish. This might be suitable to depict empowerment. But nowadays we have changed. Our logo now is a spear, which means hunting. We are hunting for the donors. So, the rich should be hunted.*

Obviously, these two ideas have their own explanations. The chairman of the supervisory board was still influenced by his past experience when he led DD for ten years. During his time, the focus of DD was empowering the poor and he said that he was very close to the poor. The current president director on the other hand has a different background. He was president director of one of the commercial banks in Indonesia. Hence, it is understandable that when he was appointed to lead DD his managerial style resembled corporate management. He really emphasized the importance of donors and waqif as he perceived that they have contributed economically to DD. Nevertheless, the president director admitted that the poor are still the end target of DD’s activities as he said:

*But the logo can also be interpreted as hunting the poor. We have to hunt for the poor in the remote areas. Because, many poor people live in those remote areas. So, we are now more aggressive and progressive.*

In affirming DD’s commitment to help the poor, the president director furthermore said:

*We have to admit that waqifs are important, because without them, we cannot do anything. But, donors and*

*waqif exist because of Dompot Dhuafa, right? But, again, everything we do is dedicated for the poor.*

In supporting the statement of president director, the executive director said that the attention to the beneficiaries is actually the concern of the foundation as well. He also affirmed that DD did not intend to undermine the importance of serving the poor or the beneficiaries:

*We cannot be unjust. We are not supposed to be nice to the waqifs only. We have to be nice to the beneficiaries as well. It's just like the right side and the left side. And we are in the middle. So, should be balanced. It's only a matter of how we entertain them.*

The above statement indicates that DD wants to show its upward accountability to the donors while at the same time still maintaining downward accountability to the beneficiaries. This is what O'Dwyer and Unerman (2008) termed as holistic accountability. The anxiety of the chairman of the supervisory board about values shifting does not seem to have happened at DD. In fact, the commitment of DD to show accountability to all stakeholders is very obvious. Moreover, DD used various accountability mechanisms to show accountability to different groups of stakeholders.

#### 4.3.2 Synthesising the Salient Nature of Stakeholders

##### 4.3.2.1 Waqif as the Definitive Stakeholder

The mutawalli is aware that when the waqif donate their assets through DD, the role of the mutawalli remains as the trustee, and not the owner of the assets. Hence, as a party who is assigned amanah to manage waqf assets, DD realizes that the fulfilment of the waqf deed is very important. DD management believes that if the waqif's wish is not fulfilled, the waqif has a right to withdraw the waqf asset from the management of DD and give it to another mutawalli. This belief is actually in line with the Islamic fiqh whereby the waqif has power to remove the mutawalli (Khan & Syed, 2007). As stated by the operational manager of TWI:



*The Waqif has a right to replace the mutawalli if they are not happy. It can be. But, Alhamdulillah so far it never happened to us.*

In this sense, the waqif has potential power in influencing waqf. Besides power, the waqif also has legitimacy as the party who endorses waqf assets to be managed by the mutawalli. This legitimacy can be seen in the waqfiyya or waqf deed, which mentions the role of the mutawalli and the purpose of waqf. Other than that, the waqif is attributed to the urgency to know how the mutawalli manage the waqf. Apparently, the waqif will maintain and even increase their support for the mutawalli in managing waqf if they find that the mutawalli is doing well.

In terms of Mitchell *et al.*'s (1997) model, the above description indicates that the waqif is attributed to all the dimensions of stakeholder salience which are power, legitimacy and urgency. As the provider of waqf assets, the waqif apparently possesses utilitarian power which is related to material or financial resources. Moreover, due to the fact that the waqif has a right to withdraw waqf property and give to other mutawalli, the waqif's right is attributed to property-based legitimacy. Therefore, the waqif needs to assess whether waqf property has been properly managed or not through the report provided by the mutawalli. The importance of attending the waqif's need on waqf report is associated with the urgency attribute, i.e. time sensitivity and critically. This explanation indicates that the waqif is categorized under the definitive stakeholder. As mentioned in the previous section, to this group of stakeholders, DD uses some mechanisms to show accountability, which encompass reporting and disclosure statement and participation through regular visits.

#### **4.3.2.2 Regulator as the Dominant Stakeholder**

In chapter 4 section 49, point 1.d of the Waqf Act, it is stated that Badan Wakaf Indonesia has the right to terminate and replace the mutawalli. This section clearly indicates that BWI, as the regulator, has power over the waqf institution. In addition to the right to replace the mutawalli, BWI also has the authority to approve the change of the purpose of waqf, as mentioned in chapter 4, section

49, point 1.e, of the Act. Clearly, the power given to BWI by the government is associated with its legitimacy as the only waqf regulator in Indonesia. The executive director expressed his opinion about the government as the stakeholder:

*The first thing to remember is that, we were born through the society. We are not a government institution. Second, we have considered that the government is basically important, good and can influence us in many ways. But this institution can survive without government involvement. Of course there is a so called threat from the government. But it is still moderate. It is not something that can damage our institution.*

Although DD management is aware of the strategic role of BWI as regulator, it did not make DD immediately register itself as the mutawalli. Actually, although the management knew that the waqf law mandates all mutawalli to be registered, the DD management had different ideas. As the executive director said, BWI never came up with a clear regulation as to how the procedure of registration should be done. To support the opinion of the executive director, the assets development manager of TWI asserted that BWI has no clear role, since this institution acts as regulator and waqf manager at the same time. This is one of the reasons for the delay of DD's registration as a mutawalli with BWI. It can be said that, despite acknowledging the power and legitimacy, the management of DD did not see the urgent need for registration with BWI as part of discharging accountability.

From the perspective of the regulator, the vice chairman of BWI realized that BWI has authority in regulating waqf institutions. However, he also admitted that BWI was still struggling with its internal management. This is the reason why, so far, only a few waqf institutions have been registered and delivered their reports to BWI. The vice chairman of BWI said:

*Eeeee.....so far only a few mutawalli have been registered. This is because we are BWI also newly established. And, in the first few years we tried to settle our internal management, organisational structure,*

*regulations, including how to do registration of the mutawalli. May be after this we will come up with the reporting procedures. So, we are still working.*

In the stakeholder typology proposed by Mitchell *et al.* (1997), the regulator is placed as a dominant stakeholder, since it has power and legitimacy. The power owned by the regulator is related to coercive power, that is, the use of physical sanction to force others. Moreover, the legitimacy of the regulator can be seen as the legal legitimacy. However, the DD management perceived that there is no urgency to show accountability to BWI as regulator. So far, reporting and the disclosure statement is the only mechanism used by DD to show its accountability to the regulator.

#### **4.3.2.3 Beneficiaries: Being Dependent Stakeholder**

The chairman of the supervisory board insisted that accountability should mostly be given to the poor as the beneficiaries. According to him, one of the reasons to prioritize the poor is because they badly need the assistance to lift them from poverty. Hence, the way to show accountability to the beneficiaries is through the service rendered.

*The poor do not need reports. All that they need is the benefit from the services we render. Those who need reports are donors, government and the public. For the beneficiaries, they will ask "where is the assistance?"*

The executive director and president director also agreed that DD has a responsibility to serve the poor, although, in the first place, they believe that the priority of accountability should be to the waqf and donors. They acknowledged the poor as the legitimate beneficiaries of the waqf programmes because DD has stated that poverty alleviation is one of the objectives of the foundation.

It can be said that beneficiaries acquire the dimension of urgency and legitimacy but have no power to claim. Apparently, the mutawalli has no reason to delay rendering service to the beneficiaries, which is related to time sensitivity in the urgency

attribute. This is because; most the beneficiaries of DD are the poor. Hence, there is a criticality in terms of attending the beneficiaries' needs. Although the beneficiaries have no power, they have moral legitimacy to claim their needs from the mutawalli. In this sense, beneficiaries are grouped into dependent stakeholder. DD shows accountability to this stakeholder through participation.

#### 4.3.2.4 Public: The Discretionary Stakeholder

From its inception, DD has tried to involve the public in its programmes. Therefore, extensive reports are always disseminated to the public. The same approach is still maintained in managing waqf, whereby DD wants public participation to make waqf programmes succeed. However, this is not only through publication, as lately, DD also visited the leaders of the community to seek their ideas concerning how DD could improve the way it manages waqf.

In fact, the intention to publish reports to the public is not only to attract the participation, but also because of the law enforcement. In 2008, the Indonesian government enacted the Public Transparency Act. In this Act, the public is given the right to ask for information from institutions, which deal with the public fund. Clearly, the DD management is aware of this enforcement. However, the accountant of DD articulated that, so far, no queries have been received from the public about DD's transparency:

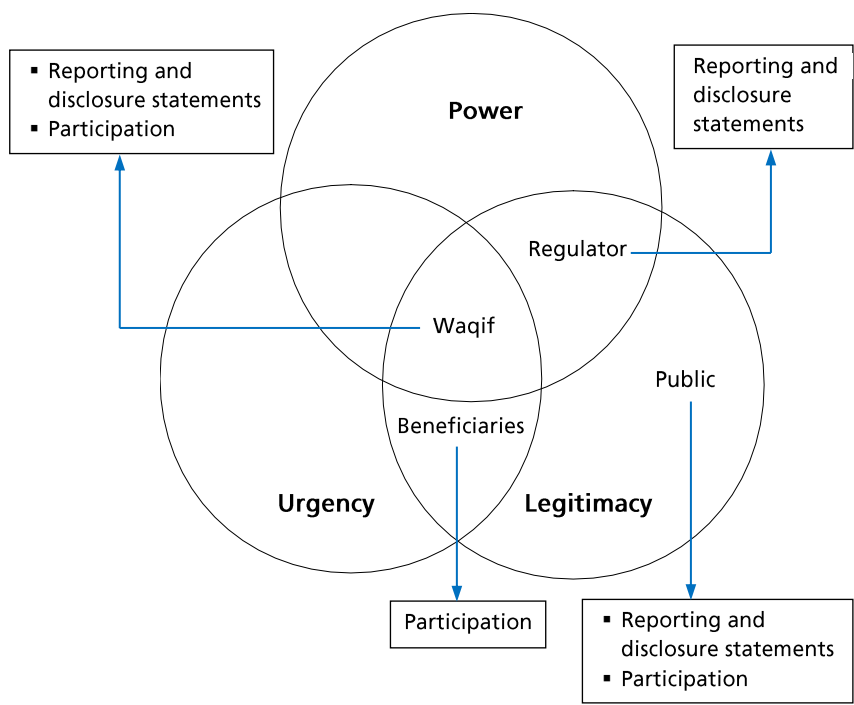
*So far we always provide a report to the public . But whether the report is read or not, we never know. We know that we prepare the report not according to any standards. But nobody come and ask, "What do you mean by this financial statement ?" I wish somebody asked and make us scared.*

The above description informs that the public have the legitimacy dimension in the stakeholder saliency, i.e. legal legitimacy. Although the right given by the law to the public to ask information can be seen as a power, it seems like the public have not realized their power, and, hence, do not feel any urgency to query anything. As can be seen from the statement of the DD's

accountant, so far, nobody makes any enquiry to DD. In this sense, the public is categorized as the discretionary stakeholder (Mitchell *et al.*, 1997).

**4.3.3 Depicting Stakeholder Salience of DD’s Waqf Accountability**

Based on the classification of stakeholder and the mechanisms of accountability used by DD, the nature of stakeholder salience of DD’s waqf accountability can be presented as follows:



**Figure 2.**  
**DD’s Waqf Accountability from Stakeholder Salience Perspective**

The above figure shows that there is one definitive stakeholder in DD’s waqf accountability, that is, the waqif. Meanwhile, the dominant, dependent and discretionary

stakeholders are represented by the regulator, beneficiaries and public, respectively. As suggested by Mitchell *et al.* (1997), the classification of the stakeholder is not static, rather it is dynamic and can change over time. One group of stakeholder can move to another group if it acquires or loses another attribute. For instance, although the regulator is currently placed in the dominant stakeholder, it can become a definitive stakeholder if they possess the urgency attribute. As, currently, BWI has no clear regulation for the mutawalli, the DD management felt that it is not urgent to register with BWI. However, if this board can strengthen its role as the highest authority in waqf, for instance, through clear regulation and procedures, its position can move to that of definitive stakeholder.

The same instance can also be applied to the public as the discretionary stakeholder. As stated in the Public Transparency Act, the public has the right to ask for information from the institutions that deal with public funds. This legitimacy has not actually been realized by the public at large. As the accountant of DD said, nobody even asked for clarification about the financial information provided by the management, even though it was not prepared according to any standards. However, the Public Transparency Act gave the public the opportunity to gain their power over the organisation. This is because the Act allows the public to sue the organisation if they find the organisations do not show transparency. In this sense, the public can be a dominant stakeholder.

According to Mitchell *et al.* (1997), the implication of stakeholder saliency is that it gives information to the management to prioritize those who have more attributes. Simply put, the more attributes acquired, the more priority is given to that stakeholder. This proposition is confirmed by Assad and Goddard (2010) when they discovered that the organisation will tend to show accountability to the definitive stakeholder and ignore those who are in other groups. This is the reason why Assad and Goddard conclude that stakeholder saliency asymmetries can be an obstacle to achieve holistic accountability.

However, in DD's context, it appears that DD tried to show accountability to every group of stakeholder. To the definitive

stakeholder, that is, the waqif, it is apparent that the DD used two mechanisms to show accountability. Meanwhile, DD used different mechanisms to others stakeholders. As the stakeholder who has two attributes, the regulator is supposedly more salient than the public. According to Mitchell *et al.*'s (1997) proposition, accountability should be given more to the government than the public, yet, this did not happen in DD's case. While DD used two mechanisms to show accountability to the public, there is only one mechanism to discharge accountability to the regulator.

There are two possible explanations for this phenomenon. First, as the executive director said, the accountability is not merely about delivering reports. He believes that accountability should be shown by any means.

*In formal definition, accountability is considered as related to audit and publication. But, the essence of accountability is more than that. The substance is that we should not betray the amanah given to us. Therefore, we have to build accountability by various ways.*

The executive director affirmed that different stakeholders need different mechanisms of accountability. The beneficiaries for instance do not need reports as they need the service most. It is actually understandable why Assad and Goddard (2010) insisted that stakeholder salience is a barrier to accountability. In the organisation they investigated, accountability is restricted to accounting. Hence, it makes sense that the organisation tried to prioritize those that are more salient as the organisation has limitations in terms of time and resources to produce reports (Mitchell *et al.*, 1997).

Second, values seem to play a significant role in balancing DD's accountability in waqf. From the very beginning, DD staff have been taught about dual accountability, which encompasses accountability in this world and in the hereafter. Moreover, the mutawalli also believed in the conviction of working as part of ibadah. Therefore, despite the salient nature of a particular stakeholder, it does not prevent the foundation from showing accountability to other groups of stakeholders, as it is considered as part of a sacred deed. Rather than discouraging holistic

accountability, the stakeholder saliency in DD has proven the mutawalli's commitment to achieve holistic accountability.

Actually, the effort to achieve holistic accountability is not as simple as using some mechanisms to show accountability to the stakeholders. Rather, it is built through many factors as have been discussed previously. Indeed, the accountability identity, the driving forces for accountability and strong belief on the urgency of accountability have contributed to the building process of holistic accountability in DD.

## V. CONCLUSION AND RECOMMENDATIONS

### 5.1 Conclusion

Given the important meaning of accountability in managing waqf, DD uses various mechanisms to show its accountability. Although DD recognizes the salient nature of its stakeholders, it does not prevent the mutawalli from showing accountability to all stakeholders. The mutawalli is of the view that accountability is not limited to accounting and reporting. Therefore, different mechanisms were used to fulfil accountability to different stakeholders.

From the findings of the study, there are two contributions that can be proposed. First, as the findings reveal how accountability is practised by the mutawalli, this study provides a new insight in the waqf literature as to how accountability is operationalized within the waqf context. Although prior waqf studies urge the importance of accountability in waqf (see for example Ali, 2002; Ihsan *et al.*, 2006; Cajee, 2008; Rashid, 2008) none of them provides evidence about how waqf accountability is practised. An exception might be the studies of Nahar and Yaacob (2011), and Osman (2012) when they tried to scrutinize the extent of accountability in place within the waqf context. However, Nahar and Yaacob focused their study on accounting and reporting as the mechanisms of accountability. In fact, accountability should not be restricted to the financial statement only (Willmott, 1996), as there are many other mechanisms that can be used to show accountability (Ebrahim, 2003). Meanwhile, Osman tried to capture waqf accountability in a more comprehensive manner. His study



actually examined how accountability is experienced in the waqf context and to what extent it can fulfil holistic accountability. However, Osman found that the accountability practised in the waqf institution is more likely to be influenced by personal values and the creativity of the waqf officers, instead of the systematic management of the waqf institution. This study, therefore, complements the findings of the study by Osman by providing more evidence concerning the operationalisation of accountability in a well managed waqf institution setting.

Secondly, although originally the proponent of stakeholder salience addressed this theory to assist management in dealing effectively with multiple stakeholders, some studies discovered that the salience of the stakeholder is counterproductive to accountability (Dixon, Ritchie, & Siwale, 2006; Assad & Goddard, 2010). This is because management will try to satisfy those who are more salient and tend to neglect the less influential stakeholders. O'Dwyer and Unerman (2008) affirmed this phenomenon when they discovered that the most salient stakeholder can be a barrier for achieving holistic accountability. This study, however, has a different finding. Although the stakeholder salience asymmetries exist among DD's stakeholders, it does not prevent the mutawalli from discharging accountability to all stakeholders. The key concerns how to define accountability. While, previous studies, such as Assad and Goddard (2010), restricted accountability to reporting, DD used various mechanisms to show accountability. Different stakeholders need different mechanisms of accountability. Hence, this study suggests that the stakeholder salience theory can be used as the stakeholder mapping by the management to show accountability. In addition to this, stakeholder salience should be operationalized along with multiple accountability mechanisms; hence, the management will know what kind of mechanism to use to show accountability to a particular group of stakeholders.

## 5.2 Recommendations

In light of the contributions just discussed, there are some suggestions from this study. First, there is a possibility to conduct a multiple case study to see the comparison of how accountability is practiced among waqf institutions. The comparison can be made

between new established and long established waqf institutions, or can be between the modern and traditional management. The results can enrich the literature on waqf management and also the accountability literature as the influence of a different character on the way accountability is discharged can be seen.

Secondly, since this study mainly focused on accountability from the perspective of the mutawalli, another study that exclusively scrutinizes waqf accountability from the stakeholder's perspective would be interesting. This is to balance the expectations of both the mutawalli and the stakeholders. Perhaps, the way the mutawalli shows accountability does not satisfy the stakeholder's needs.

Thirdly, Badan Wakaf Indonesia, as a waqf regulator, should immediately develop and introduce regulations pertaining to the accountability of mutawallis. Although the Waqf Act has mandated the mutawalli to be accountable, there is no clear guideline as to how accountability should be discharged. The most urgent regulation in the near future is that relating to waqf accounting standards and performance measurement indicators. This is because through these two mechanisms, the waqif, regulator and also the public can easily evaluate the achievement of waqf institutions. In developing waqf accounting standards, BWI should collaborate with the Indonesian Institute of Accountants.

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