Management Effectiveness in Waqf Institutions in Malaysia: A Literature Review

Sharfizie Mohd Sharip, Marinah Awang, Ramlee Ismail

To Link this Article: http://dx.doi.org/10.6007/IJARBSS/v9-i11/6546
DOI: 10.6007/IJARBSS/v9-i11/6546

Received: 11 October 2019, Revised: 30 October 2019, Accepted: 08 November 2019

Published Online: 25 November 2019

In-Text Citation: (Sharip, Awang, & Ismail, 2019)

Copyright: © 2019 The Author(s)
Published by Human Resource Management Academic Research Society (www.hrmars.com)
This article is published under the Creative Commons Attribution (CC BY 4.0) license. Anyone may reproduce, distribute, translate and create derivative works of this article (for both commercial and non-commercial purposes), subject to full attribution to the original publication and authors. The full terms of this license may be seen at: http://creativecommons.org/licenses/by/4.0/legalcode
Management Effectiveness in Waqf Institutions in Malaysia: A Literature Review

Sharfizie Mohd Sharip\textsuperscript{a}, Marinah Awang\textsuperscript{b}, Ramlee Ismail\textsuperscript{c}
\textsuperscript{a}Universiti Teknologi MARA, Rembau, Malaysia
\textsuperscript{b,c}Universiti Pendidikan Sultan Idris, Tanjung Malim, Malaysia

Abstract
Waqf continues to be a significant source for developing the Muslim community today. Waqf institutions thus need to ensure their unceasing effectiveness in managing Waqf funds so as to establish a Muslim economy that is more vibrant, progressive and inclusive. The improved performance of the institution, which can be achieved by improving public trust, will in turn lead to social improvements as well. To ensure that a Waqf institution remains competitive, it is crucial to identify its core competencies in terms of leadership styles and roles which allow it to establish a productive working environment. Therefore, the institution’s leader plays a major role in ensuring management effectiveness. This paper reviews several literatures on the management effectiveness of Waqf institutions and proposes viable leadership communication styles for the institutions. It has been suggested that clear, regular and constant communication is necessary for the growth and effectiveness of any institution.

Introduction
The concept of effectiveness must be clearly demarcated as it carries different meanings in different contexts. Bartuseviciene and Sakalyte (2013) define effectiveness as the degree to which an organization is able to attain its goals or objectives. The Productivity Commission (2013) explains it as the extent to which an objective is fulfilled or a policy has achieved what it was supposed to achieve. Innovation (2006) describes it as the degree of success in conducting the right thing or an external measurement of the output or quality of a process. Stakeholders, clients, customers or end-users are among the external parties that can measure levels of effectiveness. Effectiveness is essential in ensuring competitiveness because an ineffective organization will exhibit poor performance and low profitability.

Articles by Exponent Philanthropy (2014), Herman and Renz (2004), Arshad and Zain (2017) and (Kaplan, 2001) were used as the basis to explain the operational definition of effectiveness in this study which is ultimately described as: “The ability of the institution in performing key functions by applying strong practices, procedures, and policies in the correct manner and practice to achieve the desired or positive outcomes and in fulfilling the expectations of the stakeholders”. Effectiveness leads to enhanced productivity, profitability, performance, employee engagement, employee self-confidence, efficacy, innovativeness and creativity (Bedarkar & Pandita, 2014; Boyle & Hassan, 2016; Cherian & Jacob, 2013; Iwu, Kapondoro, Twum-Darko, & Tengeh, 2015; Rahmawati, Haerani, & Hamid,
2016; Shilbury & Moore, 2006; Shmailan, 2016). Hence, improved management leads to improved work performance.

According to Nelson and Economy (2002) effective management is a process entailing the people being managed to ensure that they attain success. Both individual and organization are ensured for success in the process due to effective interactions within the environment which support management effectiveness (Gardner, 2012). The environment in this context entails the organization’s vision, mission, short-term and long-term objectives, training and development, and existing resources that support employee performance. Hockings et al., (2006) further highlight the importance of management effectiveness in guaranteeing efficient resource allocation, enhancing accountability and transparency, and facilitating the growth of the organization. Towards that end, leadership elements have been identified as pertinent in ensuring effective management as leaders are in charge of allocating resources, delegating tasks, and monitoring performance towards realizing wanted behaviours. Leaders are responsible for managing and controlling people and processes so as to enable employees to perform their tasks well within the anticipated level of efficiency and efficacy in a work environment that is positive and professional (Chartered Management Institute, 2010). Effective leaders put equal emphasis on both the people and the organization’s success (Nelson & Economy, 2002). The focus on people establishes camaraderie leading to sound teamwork which in turn improves overall management effectiveness.

Literature Review

Scholars have long questioned the effectiveness of non-profit organizations (Jun & Shiau, 2012; Willems & Boenigk, 2014). Non-profit organizations have been continuously urged to re-assess their processes and prove their capability and credibility for the last two decades (Barman, 2007; Ebrahim & Rangan, 2010). The pressure intensifies when the report by the Governor’s Institutes of Vermont (2017) indicated that the public is becoming less and less confident of charitable organizations. The survey found that only 19% of the general public was confident of these organizations whilst the majority 49% had zero confidence (Castro, Ezra Vázquez-D’Amico, & Pessanha, 2018). Without trust, fundraising is hence affected.

Rashedul Hasan and Siti Alawiyah Siraj (2017) pointed out that the same scenario is true for Waqf institutions which have lost significant public trust resulting in lesser donors and hence reduced economic impact. The public’s trust decreased further due to the reportedly high number of undeveloped Waqf properties (Jabatan Audit Negara, 2017). This loss of trust in the institutions’ credibility is a widespread issue as cited by the Islamic Research and Training Institute (IRTI) (Obaidullah & Shirazi, 2017). Immense pressure is put on Waqf institutions from external parties to provide evidence of funding (Arvidson & Lyon, 2013) and from the Waqif (donors/funders) who want to ensure that their contributions are managed as they have intended (Noordin, Haron, & Kassim, 2017). Hence, Waqf institutions must carry out their obligations as anticipated to assure continuous funding and sustained operations (Noordin et al., 2017).

However, considering that the operations of non-profit organizations are neither for making profit nor for realizing financial growth (Kaplan, 2001) their effectiveness and productivity cannot be measured easily (Helmig, Ingerfurth, & Pinz, 2013) as they do not have similar visions and objectives (Iwu et al., 2015). The elements of effectiveness for measuring the success and productivity of Waqf institutions are different according to various contexts (Hassan, Abdul-Rahman, & Yazid, 2018; Noordin et al., 2017). The effectiveness of Waqf property management as deliberated by scholars is presented in the next sub-sections.
Management Effectiveness in Waqf Institutions

The performance and stability of a Waqf institution are evaluated based on its measured effectiveness. Considering that Waqf is a third sector organization (TSO) (Mohd Arshad & Mohamed Haneef, 2015, 2016) its performance is indicated by its input, output and outcome (Cordery & Sinclair, 2013). According to studies, the effectiveness of Waqf management can be measured using several elements such as accountability (Arshad & Zain, 2017; Dalila Daud, 2017, 2018; Talib et al., 2018) transparency (Arshad & Zain, 2017; Shafii, Iqbal, & Tasdemir, 2015; Talib et al., 2018), financial measurement (Shafii, Yunanda, & Rahman, 2014) and governance (Ihsan & Ayedh, 2016; Mohd Noor, Mohd Ali, Abdullah, & Mohd Tahir, 2014). Siraj, (2012) argued that the indicators for Waqf management effectiveness do not follow any set standards. Nevertheless, the influencing factors for Waqf management effectiveness in Malaysia still need to be identified to determine aspects that could aid in improving the institutions’ effectiveness and thus retaining the role of Waqf as a significant contributor to the economic development of the Muslim society.

Accountability

Accountability has been identified in various studies to be relevant to Waqf management effectiveness (Arshad & Zain, 2017; Dalila Daud, 2017, 2018; Mansor & Jamil, 2018; Noordin et al., 2017; Siswantoro, Rosdiana, & Fathurahman, 2017; Talib et al., 2018). Accountability is basically the monitoring of performance and measurement of results (Lipman & Lipman, 2006). Accountability enables Waqf institutions to conduct their operations and manage the entrusted resources in a suitable and permissible manner in fulfilling their obligations to society (Arshad & Zain, 2017). Waqf institutions are entrusted to manage Waqf properties based on the waqif’s requirements (Sulaiman & Zakari, 2015). A Waqf institution is considered to have good accountability when it performs its activities based on the donor’s set expectations. Siswantoro et al., (2017) underlined that accountability is illustrated by the institution’s good performance which leads to enhanced stakeholders’ trust.

In Islam, accountability corresponds to the concept of amanah (trust) and khilafah (vicegerent) (Noordin et al., 2017). Muslims are required to conduct their activities in this world in accordance to Islamic principles to gain rewards in the hereafter (Afifuddin & Siti-Nabiha, 2010). Allah SWT in the Holy Quran emphasizes accountability more than eight times in various passages using the term ‘Hesab’ or ‘account’ as indicated by Askary and Clarke (1997) cited in (Lewis, 2006). ‘Hesab’ underlines the obligation of Muslims in fulfilling their duties as prescribed in the Holy Quran (Lewis, 2006). Since Waqf properties are intended for the public’s benefit and that the operations of Waqf institutions are usually unsupervised by the waqif, the general public and stakeholders must be kept informed about the management of the resources and the progress of the institutions in carrying out their obligations (Sulaiman & Zakari, 2015). Therefore, it can be said that accountability is the primary measure of the institutions’ performance and effectiveness.

Transparency

Transparency is another measure of Waqf management effectiveness in Malaysia (Arshad & Zain, 2017; Shafii et al., 2015; Talib et al., 2018). Transparency is the degree to which the activities and performance of the organization are revealed and conveyed to the general public (Cutt & Murray, 2000). In the context of non-profit organizations, transparency is associated with accountability (Bothwel, 2000). Taufiq (2015) also highlighted the interrelation between transparency and accountability in ascertaining good governance and that accountability is irrelevant without transparency. The effectiveness of the institution is perceived to be higher when the public disclosure of its information is greater. Transparency not only indicates the institution’s level of accountability
towards the beneficiary, but also the level of trust between both parties (Liket & Maas, 2013). As previously mentioned, transparency is indicated by the degree of information disclosed by the institution with regards to its operations and performance; additionally, it also entails the institution’s level of efficiency in terms of resource allocation (Shafii et al., 2015). Meanwhile, its activity report has to be true and comprehensive (Ihsan, Ayedh, & Ibrahim, 2019) whilst the data provided has to be accessible by the stakeholders via all available channels (Liket & Maas, 2013). They pointed out that information disclosure such as for strategic plans and annual reports should be made online as recommended by the NPO committee considering that online platforms are more easily accessible and practical for stakeholders and the public. Mujahid Yusof Rawa, Minister in the Prime Minister’s Department and head of religious affairs asserted that digitalization is a potential solution for Waqf issues (Adila, 2019). He stated that the shortage of proficient staff and non-transparency of jurisdictions in Waqf management had led to critical issues with regards to the online collection of Waqf funds due to the fact that no legislative mechanisms exist to assure such method’s transparency and integrity (Adila, 2019; Ramasamy, 2019). In light of this, a team has been deployed to explore the technological reforms needed and to ensure their conformation to the sharia principles (Ramasamy, 2019). Present-day digital and technological innovations could be the solution for the issues of transparency and trust faced by Waqf institutions. Mohd Noor and Salleh (2016) support the notion that transparency is measurable by information provided online. Only 57% out of the 14 SIRCs throughout Malaysia had disclosed the sources of their Waqf funds, but the data given was still not entirely comprehensive (Mohd Noor & Salleh, 2016). Furthermore, only 50% of the SIRCs had disclosed about the beneficiaries and the benefits they received, but again without any further explanations; meanwhile, only 28.5% had disclosed their audit and activity reports (Mohd Noor & Salleh, 2016). From this, it can be said that the online-based disclosure of Waqf-related information by SIRCs in Malaysia is still low. Nevertheless, such marginal disclosure can still be used as reference by other SIRCs. Taufiq (2015) reiterated that proper transparency and disclosure could improve Waqf management effectiveness, efficiency and equity.

Financial
Financial elements were also found to be significantly related to the need for accountability and transparency. Finance alone is not enough to measure organizational effectiveness (Lecy, Peter, & Haley, 2012) although in the context of Waqf institutions, solid funding is a prerequisite in sustaining and improving the organization (Arshad & Zain, 2017). Therefore, Waqf institutions need to have a sturdy financial standing although not for profit-making, but to ensure that they can sustain and improve their capability in serving the public and supporting the Muslim economy. Bhattacharya and Tinkelman (2009) and Brown (2005) supported this notion via their model that relies on financial ratio as the key indicator of the effectiveness of NPOs. Studies have pointed out several financial aspects for measuring effectiveness. Epstein and Buhovac, (2009) highlighted administrative efficiency, program efficiency, fundraising efficiency and other financial performance measures to be pertinent in determining an organization’s resource spending, incurred costs and financial success of its programs. These measures also help determine revenue growth which in turn could persuade funders to become involved in the organization’s programs (Epstein & Buhovac, 2009). The effectiveness of Waqf institutions can also be measured by the aspects of fundraising and program efficiency (Shafii et al., 2014; Sulaiman & Adnan, 2009) which could help determine the needed allocations for the programs and the ability to yield surplus from the contributions (Arshad & Zain, 2017). Performance efficiency ratio and operating expenses ratio are another two main aspects in measuring Waqf management effectiveness (Atan, Aliman, Zainon, & Theng, 2013). Many religious-based NPOs including Waqf institutions fail to organize their spending
or expenses according to function causing non-standardized financial reports and trouble finding documents for the subsequent referral. Proper records of spending or expenses indicate the institutions’ efficiency in managing their resources which is crucial for the stakeholders’ information (Atan et al., 2013).

Sulaiman and Zakari (2018) highlighted revenue concentration based on financial sustainability derived from Tuckman and Chang (1991) financial health model. This component helps the institution in identifying its financial health, where revenue concentration is the square of the percentage share of the total revenue denoted by each source of revenue (Sulaiman & Zakari, 2018). When the index approximates zero for each income source, it means that the Waqf institution makes equal incomes from various sources making it considerably healthy; but when the index approximates 1 for any income source, it means that the institution relies on only one income source which is an unfavorable financial state to be in. Based on all the above, there is hence a need to set a systematic standard for the use of financial elements in measuring Waqf management effectiveness and performance (Sulaiman & Zakari, 2018). Ensuring the institution’s solid financial condition is crucial for improving the living standards of the society in general and the Muslim community in particular.

Input, Output and Outcome
Arshad and Zain (2017) also indicated the importance of input, output and outcome in measuring Waqf management effectiveness as supported by Cordery and Sinclair (2013), and Noordin et al., (2017). Input entails the funds or properties received by the Waqf institutions from the waqif (Arshad & Zain, 2017). All the properties must be registered and gazetted under the respective SIRC and the institution must be accountable for their efficient management. Input also entails technical expertise, knowledge and human resource, and training and staffing needed for running the institution’s activities and programs (Bagnoli & Megali, 2011; Epstein & Mcfarlan, 2011), all of which are not monetarily measurable (Noordin et al., 2017). Proper input information would assist in determining effective activities and detecting those that are non-operational.

Output entails ‘the resultant tangible and intangible products or services from the organization’s activities’ (Epstein & Mcfarlan, 2011 p:28) or the resulting products or services from an activity which denote the quantity or capacity of the job performance (Epstein & Buhovac, 2009). The output must be in alignment with the institution’s mission, vision and objectives (Arshad & Zain, 2017). In the context of a Waqf institution, the wealth distribution to beneficiaries should result in holistic economic balances via the establishment of facilities including schools, hospitals, places of worship, roads and others (Ahmad & Muhamed, 2011). Meanwhile, the activities should be in line with the requests of the waqif (Arshad & Zain, 2017). Efficiency is deemed to have been achieved when the anticipated benefits had been distributed accordingly to the beneficiaries in line with the waqif’s wishes (Siraj & Karbhari, 2014). The effectiveness of the institution is deemed when it manages to achieve high output to input ratios (Siraj & Karbhari, 2014) and optimally address public interest and beneficiary satisfaction (Noordin et al., 2017) i.e. social effectiveness. Based on the output, hindrances in attaining the set objectives can be detected and hence the call for fast solutions.

Networking could result in a positive environment leading to the effectiveness of the Waqf institutions in discharging its obligations to the society (Arshad, Zain, Urus, & Chakir, 2018) such as collaborations with government and non-government sectors (Arshad et al., 2018) and the practice of maqasid al-shariah (Laldin, Mahmud, & Sawari, 2012). Maqasid al-shariah entails the “intent, objective, purpose, aims and end goals, and signifies the stated purpose of Shariah” (Mahmud & Shah, 2010). This concept ensures the preservation of the Muslim community’s economic rights via Waqf asset protection. Its aim is to safeguard the interest and needs of the ummah both here and in the hereafter (Laldin et al., 2012) and to reinforce the main objective of Waqf i.e. performing good deeds.
to attain the blessings of Allah SWT. Among successful collaborative projects between SIRCs and Islamic financial institutions are Menara Imarah Waqf / Menara Bank Islam and Taman Wakaf Seetee Aisyah (Kamal & Seman, 2017), which had enabled administrative flexibility towards attaining the respective intended benefits. Administrative matters are not bounded solely to the Holy Quran and the Sunnah as they can also be based on the government’s ijtihad provided that the Islamic Law is not violated (Jabatan Kemajuan Islam Malaysia, 2019) and that the rights and interests of the ummah remain protected. Maqasid al-shariah is also consistent with the human desire for general pleasantness which could be honorably attained within the network (Arshad et al., 2018; Jabatan Kemajuan Islam Malaysia, 2019).

Lastly, Waqf management effectiveness is also created via the element of outcome. Outcome entails ‘specific behavioral changes influenced by service and product deliveries’ (Epstein & Mcfarlan, 2011 p:28). Outcome is basically the perpetual impacts and benefits created by the output for the stakeholders (Cordery & Sinclair, 2013). The goal fulfillment of a certain activity or project could be determined by the outcome. For Waqf institutions, the transparency and accountability of its activities and benefit distribution to beneficiaries can be determined and ensured by the outcome. Table 1 presents the list of empirical studies on Waqf management effectiveness in Malaysia.
Table 1:
Summary of Empirical Studies on the Dimensions and Indicators of Effectiveness of Waqf Institutions in Malaysia

<table>
<thead>
<tr>
<th>Author</th>
<th>Theme</th>
<th>Methodology</th>
<th>Finding</th>
<th>Discussion on leader</th>
<th>Highlighted on leader style/communication aspect</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Dalila Daud, 2017)</td>
<td>Accountability and Transparency</td>
<td>Review of literatures on Islamic governance.</td>
<td>Fills the gap in previous studies by examining several Islamic governance systems to achieve transparency in Waqf reporting.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>(Dalila Daud, 2018)</td>
<td>Accountability and Transparency</td>
<td>Qualitative-Interview</td>
<td>Provides better understanding of how governance can be used to improve the SIRCs’ reporting and hence drive sustainability.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>(Talib, Latiff, Aman &amp; Palil, 2018)</td>
<td>Accountability and Transparency</td>
<td>Semi-structured interview chosen involving 11 SIRCs</td>
<td>Highlights areas of improvement such as Waqf employee education, qualification and experience via trainings and conferences to raise awareness about Waqf accounting and reporting standards and the importance of organized accounting.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Authors</td>
<td>Topic</td>
<td>Description</td>
<td>Yes/No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shafii, Iqbal &amp; Tasdemir, 2015</td>
<td>Accountability and Transparency</td>
<td>Discussion on governance dimensions in Turkey, Malaysia, Indonesia and India, benchmarked against the U.S foundations law so that the measures could be compared with international best practices. Regulators in Malaysia could benchmark its regulatory practices against the Kuwait Public Foundation Law passed in 2012 which requires independence between waqf regulators and waqf managers.</td>
<td>Yes/No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noordin, Haron &amp; Kassim, 2017</td>
<td>Accountability, Input, output and Outcome</td>
<td>Review of literature on relevant performance measurements in third sector organizations and Waqf institutions. Highlights the absolute significance of an effective PMS in promoting good governance and ethical management in Waqf institutions.</td>
<td>Yes/No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yaacob, Petra, Sumardi &amp; Nahar, 2015</td>
<td>Accountability</td>
<td>Qualitative semi-structured interviews and archival documentation review and analyses involving Asian countries. Proposes three lenses to examine the drivers of accountability in Waqf: Regulatory, Stakeholders and Religious image of Islamic organizations that are equally important in driving organizational accountability practices.</td>
<td>Yes/No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mohd Noor &amp; Salleh, 2016</td>
<td>Transparency</td>
<td>Data collected from the websites of all 14 SIRCs. Highlights that the level of disclosure among SIRCs concerning Waqf matters.</td>
<td>No/No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>Authors</td>
<td>Methods/Approach</td>
<td>Findings/Proposals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------</td>
<td>---------</td>
<td>-----------------</td>
<td>--------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>Arshad, Zain, Urus &amp; Chakir</td>
<td>Financial</td>
<td>Proposes a performance measurement model in line with <em>maqasid</em> waqf that can be adapted by Waqf institutions.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>2014</td>
<td>Shafii, Yunanda &amp; Rahman</td>
<td>Financial and Operation approaches</td>
<td>Highlights that both institutions have a growing amount of Waqf funds and are able to generate income from their core activities.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>2013</td>
<td>Atan, Aliman, Zainon &amp; Theng</td>
<td>Financial-performance efficiency ratio and operating expenses ratio</td>
<td>Highlights that financial performance measures in the form of ratios are affiliated with the organizations’ missions. These performance measures based on the PER and OER can be seen as distinctive dimensions of measurement in judging the financial health of the RNPOs.</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>2016</td>
<td>Ihsan &amp; Ayedh</td>
<td>Governance</td>
<td>Proposes the building blocks of Islamic governance in Waqf institutions which can discharge accountability.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Governance</td>
<td>Past research reviews to elaborate on the current development of Waqf management in Malaysia.</td>
<td>Proposes a uniformed Waqf Governance Framework (WGF) to be adopted in Malaysia in order to synchronize the different sets of Waqf management in the different states in Malaysia.</td>
<td>Yes</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----</td>
<td>----</td>
<td></td>
</tr>
<tr>
<td>(Noor, Ali, Abdullah &amp; Tahir, 2014)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Recommendation and Conclusion

The unavailability of unique measures, or core competencies, to determine Waqf management effectiveness renders Waqf institutions to be no different than other non-profit organizations. To remain competitive, such core competencies need to be identified such as leadership styles and roles which enable the establishment of a productive organizational environment. The leader of the organization is indeed responsible for ensuring management effectiveness (Wang & Howell, 2010). Based on the review of relevant literatures, the role of leaders in these institutions is apparently still vague (Abas & Raji, 2018) when in fact they are pivotal in outlining organizational strategies and rousing employee motivation (Parsehyan, 2017). Very little attention has been given on the aspect of leadership when exploring the subject of effective management especially in Waqf institutions. Leaders are meant to motivate and inspire employees (Naile & Selesho, 2014) and contribute to improved employee performance through active leader-employee communication (Johansson, 2015; Johansson, Miller, & Hamrin, 2014). Effective leader communication could result in a highly productive workplace.

Usadolo and Usadolo (2018) identified the effects of motivating leader communication at the workplace, but the study only involved non-religious NPOs in South Africa. Pearce (1993) highlighted the positive effects of leadership communication style in NPOs on both the employees and the organizations, but failed to indicate the exact communication style that would lead to a positive outcome. Daud (2017) outlined the significance of Islamic governance practices in Waqf institutions in Malaysia by using the leadership style of Umar Al-Khatab as an example, but failed to indicate the effect of leader communication style on Waqf management effectiveness in the country. Waqf institutions represent Islamic principles and practices via their leaders. Khalil (2016) stressed that Islam emphasizes social relationships and interactions between humans as it is a communication-oriented religion. Effective leader communication skills are crucial (Jamil, 2015; Khalil, 2016; Rahman, Yahaya, & Hassan, 2015) considering that resource allocation, task delegation and performance monitoring are the responsibilities of the leader (Hao & Yazdanifard, 2015). Unfortunately, no studies in a single framework have been carried out on the correlation between leader communication and Waqf management effectiveness in the context of Malaysia. Hence, such glaring gaps need to be addressed to enrich the existing body of knowledge.

With the declining trust towards NPOs as indicated by Taylor (2018), the leader should take the mantle and demonstrate effective and motivated leadership to regain the lost confidence. Talented and high-performing employees would be retained leading to organizational growth and recovery of the public’s trust. Hence, improved organizational performance, productivity and effectiveness can be ensured by effective leader-employee interaction and dyadic relationship.

Conclusion

This paper takes the views of several scholars in presenting a discussion on the management effectiveness of Waqf institutions. Despite the many indicators for measuring effectiveness in this context, the aspect of leadership communication style at these institutions had been largely
ignored. Studies have in fact proven that active leader-employee communication whether in decision-making or problem solving can significantly influence employee performance and attitude (Catrin, Vernon, & Solange, 2014). Goldhaber, Dennis, Richetto, and Wiio (1984) indicated that “communication is important: without communication there can be no motivation, no leadership, no productivity and no organization”. These perspectives could provide valuable insights into determining the factors that could lead to the management effectiveness of Waqf institutions in Malaysia. Thus, by highlighting the elements of oral communication of the leader, it is hoped that motivation among employees can be inspired and stimulated which in turn can contribute to the improvement of the organization. Therefore if the institution of Waqf is to be effective, leader interaction and dyadic relationship must be effective as well to pose a major impact on institutional performance, productivity and effectiveness. It is hoped that the practical contributions of this paper could help improve the performance of Waqf institutions in discharging their obligations to stakeholders.

References


Ramasamy, M. (2019). Digitalisation can solve problems in administering waqf, says Muhajid.


