

Mistakes Waqf Institution Sustainability Indicators from Institutional Perspectives

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ABSTRACT

This paper aims to construct the waqf institution sustainability index (WISI) using the stepwise approach/institutional economic theory. We use the stepwise approach that permits us to measure the progress achieved against the purposes of waqf institution. The approach is expected to address the waqf institution's sustainability by constructing indicators. The new indicators incorporate core elements of waqf adapted mainly from the legal text and previous studies that waqf can be considered as political or social institution. The indicators are an initiative used to measure waqf institutions' commitment to promoting SDGs. The efforts to measure the level of commitment supporting the SDG promote effective, accountable, and transparent institutions at all levels. The expected findings are institutional sustainability can be assessed in line with the methods described above and the concept of institutional sustainability will be applied to assess the economic development of a particular nation in the context of sustainable development and the implications for the future economic structure of a nation.

Keywords: Waqf, Institutional Sustainability, Sustainable Development Goal

INTRODUCTION

Sustainability is the ability to continuously maintain or support a process over time. In economics, sustainability focuses on preserving the natural resources that provide physical inputs for economic production, including both renewable and exhaustible inputs. What is economic institution? As stated in Hodgson (2001), institutions are durable systems of established and embedded rules of the games and conventions that perform economic functions namely establishing and protecting property rights; facilitating transactions; and permitting economic co-operation and organization. By combining both words, institutional sustainability is achieved when institutions, structures and processes have the capacity to continue to perform their functions over the long term. The longevity is not only aimed to meet the needs of the current generation, but also able to provide the opportunities and capabilities of the next generation (Brundtland, 1985) and Holden et al, 2014).

Institutional sustainability is a complex matter at least from four aspects. First, the institution can be sustained from several perspectives, covering from cost structure and financial sustainability (Maamor et al, 2017). Second, institutional sustainability which is often measured in terms of resilience, stability, and permanence (Cheney et al., 2004). This is also in line with the characteristics of waqf property. Third, institutional sustainability is a challenging subject for those studying sustainable development and working towards the development and implementation of

sustainable policies. Fourth, in the context of sustainable development, the role of institutions is important as a tool for its implementation.

Waqf institutions, as mentioned by many scholars such as Arjmand (2018) and Nor et al (2022), are responsible for managing waqf funds and properties (hereafter waqf assets). They depend on the waqf assets that are donated, bequeathed, or purchased from donors. While the waqf assets have the characteristics of permanence, irrevocability, and perpetuity. The usufructs of waqf assets, subsequently, are used to support for socio-economic development such as provided education, health services, water, travellers' lodges, clinics and hospitals, environmental protection, mosques, schools, universities, and other public utilities. In line with the characteristics and usufructs of waqf assets, the waqf institutional sustainability is a central to the development of a community and achievement of sustainable development goals.

There are very few studies that address the waqf institutional sustainability. The studies only address amongst others – performance measurement of waqf institution (Arshad, R., & Zain, N. M. 2017), waqf education (Azha et al 2013), waqf funds (Nor et al, 2022) and accountability (Arshad, R., & Zain, N. M., 2018), (Kamarubahrin et al, 2019). The studies that are purposely aimed to develop a National Waqf Index for Indonesia have been proposed by Lestari et al (2023), however, this study deviates in two areas: a proposed model which is derived from institutional economic theory and the institutional dimension of sustainable development which did not play a central role. The institutional aspects of sustainable development assign clear tasks to waqf institutions to promote sustainable development at the UN, intergovernmental, regional, national, and sub-national level. Therefore, the objective of the study is to construct the waqf institution sustainability index (WISI) using the institutional economic theory.

The organization of the study is divided into five sections. Section Two discusses the three related subjects that lead toward understanding the title of this study. Section Three will show how institutional sustainability can be assessed in line with the methods described in Section three. In Section Four, the concept of institutional sustainability will be applied to assess, in general terms, the economic development of a particular nation in the context of sustainable development and the implications for the future economic structure of a nation/Indonesia. The conclusions will be presented in Section Five.

LITERATURE REVIEW

Institutional Sustainability

The practice of sustainability is becoming increasingly prominent in practice and theory. Sustainability (Watling and Zhou 2011) is divided into two levels, namely macro and micro-level sustainability. Micro-level sustainability is influenced by macro-level sustainability, which is related to the business cycle, employment, climate change, and social responsibility of companies and organizations that work with local communities to develop sustainability in society. Meanwhile, micro-level sustainability includes sustainable development, energy consumption, waste disposal management, transport, community development and management. Sustainability has several definitions from several institutions. According to the World Commission on Environment and Development in 1987, sustainability is defined as development that meets the needs of the present without compromising the ability of future generations to meet their needs, which is influenced by economic and social perspectives (Langhelle 1999). Sustainability is also defined as improving the quality of human life within the carrying capacity of ecosystems, which is influenced by social and environmental perspectives (UNEP 2011). The description of sustainability involves the phrase "Planet, people, profit" as the 3Ps, which is influenced by economic and financial perspectives (Sheth et al. 2011).

UNEP's has four dimensions regarding to the definition of the ecosystem in all capital assets (UNEP 2011). Capital assets describe types of resources, including manufactured, human, natural, and social capital. Each capital asset has been used to describe the resources utilised by the sustainability dimension. In the context of waqf, one of the instruments of Islamic social institutions, waqf has a perpetual nature, so it cannot be sold, bought, or given as a gift to others. Therefore, it is necessary to ensure that the property can be fully utilised and adequately managed by the Islamic council in each country that owns waqf assets (Daud 2019). As a fundamental instrument in Islam, Waqf potentially improves a country's sustainability. The ability of waqf to stimulate social and economic growth has attracted the industry's attention (Ibrahim 2022). Efficient development and management of waqf assets can lead to financially sustainable growth and reduce social inequality (Ibrahim et al., 2022). The nature of waqf and its role is in line with the Sustainable Development Goals (SDGs) initiated by the United Nations to be implemented worldwide, highlighting the 17 goals of the SDGs that access the sustainability of socio-economic well-being, poverty reduction, peaceful living, economic growth, environmental stewardship through effective, accountable and inclusive institution building at all levels.

Moreover, in order to achieve the SDGs, funding is needed to monitor sustainability performance (www.imf.org). Although funding is essential, when an institution wants to achieve sustainability, practices, and indications of adopting a sustainability-focused culture within the organization are among the best ways to achieve these targets. Therefore, in this chapter, through the institutional theory and sustainability framework, it is necessary to have an appropriate measurement called “The Waqf Institution Sustainability Index” to see the sustainability of institutional waqf at the micro-scale and what indicators affect sustainable income increase.

The term “sustainability” can be described as the ability to preserve well-being over an extended, and possibly endless, length of time, and it mostly addresses the environmental aspect of the three pillars of sustainability. Sustainability is defined as a developing economy that can meet the needs of the current generation without compromising the opportunities and capabilities of the next generation (Brundtland, 1985 in Holden et al., 2014). Sustainability is complex and can be viewed from several angles, covering various topics from habitat conservation to energy consumption, from stakeholder satisfaction to financial results. In addition, sustainability is aligned with consistency and is often measured in terms of resilience, stability, and permanence (Cheney et al., 2004). Sustainability can be measured because parameters define sustainability and approach to measurement based on individual visions of sustainability. An overview of sustainability (Kidd 1992) suggests that the population can be stabilised provided that only half the world's population is poor, has access to productive employment and access to land, credit, and training, and agricultural production can be expanded to meet future demand. For this to happen, farming systems and agricultural technologies suitable to the capabilities of the land must be developed and socialised to farmers. If this is the case, economic growth can be sustained with much lower energy and inputs. This situation can be achieved if energy prices and policies can be shaped to realise the enormous potential for further energy conservation and increased efficiency in energy use. Thus, one agreed paradigm is that sustainability should not deplete energy and hurt the next generation.

Spangenberg (2002) mentioned that sustainability has four dimensions: social, economic, environmental and institutional, it can be described as the environmental dimension is interpreted as many bio-geological processes and embodied elements (intended as 'environmental capital' by economics), the social dimension ('human capital') consists of intra-personal qualities of people such as expertise, dedication and experience. The institutional (some call it 'social capital') results from the process of intrapersonal skills, such as communication and cooperation, generating information and leadership rule systems as a result of the interaction of members of the institution. Finally, the economic dimension ('human-created capital') includes the formal economy and informal activities that can improve living standards beyond monetised income (Spangenberg & Lorek, 2002).

These four dimensions do not stand alone but interact in connection with each other. Thus, they can be characterised by related sustainability indicators, such as socio-economic, economic-institutional, social-institutional, environmental-institutional, etc. The sustainability of an institution cannot be separated from the interaction of the system innovation model within it. Spangenberg & Bonniot (1998) created sustainability indicators refer to macro and micro-level indicators. At the macro level, driving forces in the environment, economy, social and institutional fields will be explained, suitable for policy making, transparent communication and specifically for internal harmonisation. On the other hand, at the micro level, the indicators offered are business sustainability indicators, so what is needed is information that is not only about finance. Hence, to distinguish sustainability indicators between macro and micro levels, the concept of four dimensions in sustainability promoted by Spangenberg is explained in Table 1.

Table 1. Four Concepts of Sustainability

Dimension	Function	Macro Indicators	Micro Indicators
Economy	To investigate the problems and possibilities of managing man-made capital at a sustainable level (Foy 1990; Spangenberg 2002).	GDP growth/capita, economic structure and development, consumption and production patterns, trade (UN: CSD 2001)	Liquidity/solvency ratio (working capital, level of indebtedness, etc); Profitability ratios (Rate of Investment, capital and labour productivity, price-earnings ratio); Growth ratios (relative market share, returns, profits); returns per material input.

Social	To increase social and human capital so that human capital can better recognise the knowledge and experience of individuals while social capital looks at the institutional interactions between individuals in the firm (Spangenberg and Odile 1998).	Unemployment rate, education, housing, crime rate (UN: CSD, 2001)	Personnel rotation (fluctuation of the personnel, average duration of employment, average duration of a contract), amount of regular work; quantity of education, consideration of maintenance or improvement human capital; minimum income paid
Environmental	To investigate problems and possibilities in natural capital management to achieve sustainability (Spangeberg 2002)	Freshwater; agriculture; urban development; fisheries; biodiversity (UN: CSD 2001)	Indicators of material consumption, material intensity per company and per unit of turnover or profit; land use intensity per company and per unit of turnover or profit; transport intensity per company and per unit of turnover or profit; ratio returns per material input; material input savings in tons per investments (monetary units)
Institutional	To investigate the problems and possibilities in managing social capital to achieve sustainability (Spangenberg 2002). Social capital is described as interpersonal processes, such as communication and co-operation (Spangenberg 2004).	Integrated decision-making, science and technology, public awareness and information, disaster preparedness (UN: CSD 2001)	The ratio number of representatives (shareholders) in organizations, total support NGOs really receive, the funding for NGOs (total subsidies paid by government), the share of women in the top two levels of the most important organizations

Source: adopted from Spangenberg (2002), Spangeberg (2004), UN:CSD (2001); Spangenberg and Odile (1998)

Policies towards sustainability require three things: 1) The integration of economic, social, environmental and institutional objectives in a coherent strategy that maintains the interests of each dimension, 2) The reintroduction of normative orientations towards distributed justice within and between countries (at the macro level) in economic, trade, development, social, health and other policies. 3) The extension of the policy view to include the next generation and other regions.

We will discuss the criteria and explanations for social, environmental, economic, and institutional sustainability according to their relationship to the growth paradigm in our society. The description starts with social sustainability. At the micro level, the essential elements of social sustainability are education, training, income, social relations, communication and participation, and social security (Metzner 2000; Spangenberg 2001). All of the conditions described above are related to labour: education and training are part of the working life, social security payments are based on worker participation and social relations in the workplace are crucial for individual well-being (Bierter and von Winterfeld 1994; Brandl and Hildebrandt 2002 in Spangenberg 2004). Therefore, the number of workers is one of the things suggested to be included as a critical indicator for social sustainability at the micro level.

Furthermore, environmental sustainability is defined in terms of current environmental problems, such as resource depletion that require a reduction in the total output of physical resources from the economy (Daly 1991). Energy consumption, material movement and land use are the three main relevant things in this condition (Spangenberg & Bonniot, 1998). While impact measurement requires an output basis, aggregate resource movements are usually measured on the input side, which is to control and enforce the input side; the easiest thing is regulation. Regulation is one of the components of institutional sustainability. More broadly, institutional sustainability is concerned with decision-making and its implementation. Institutions at this level relate to the

orientation and mechanism for decision-making and the organization for enforcing regulations. Organizations include actors in the decision-making process, regulatory systems, structures of political behaviour and facilitating community orientation (Spangenberg et al. 2002). According to Agenda 21, the primary objectives of institutions are accountability, community strengthening, gender equality and knowledge building. Further goals are based on the interrelationships between institutions and the other three dimensions.

Concerning the economic dimension of sustainability, a frequently mentioned criterion is the maintenance and growth of the total capital stock (Pearce and Atkinson 1993) and sustained and stable income growth is crucial to this goal. The three key indicators of economic growth, productive resources, and productive labour can be characterised by economic linkages to the social and environmental dimensions, defining how much improvement is required due to social criteria and how much is the maximum affordable cost from an environmental perspective. It is a simple truth that no matter how much the economic growth rate in the volume of products and services produced from a given amount of resources increases faster than the overall economic growth, the resource consumption decreases in absolute terms. Thus, as total resource consumption decreases over some time, resource productivity or eco-efficiency increases faster (or falls slower) than the growth rate.

The theory used in this research is the institutional theory, so to see the definition of sustainability, the root of sustainability used is the resource/environment root and the eco-development root. In an institution, several functions are needed: clarity on property rights, facilitating transactions, cooperation and organization. So that for the strength of an institution, these three components must be present in the concept and operation of institutional sustainability. The coverage area for sustainability in this research, the capabilities that can be measured are economic but also social, environmental and institutional, a combination of systems that have been guaranteed to form sustainability (Daly, 1996; Holden et al., 2014). However, institutional problems such as poor performance efficiency; weak legal protection; lack of information, communication and documentation systems; costly management; institutional corruption and non-fulfilment of institutional targets (Noordin et al. 2015) make it necessary to have precise measurements for an institution's sustainability performance. The existence of an institution's sustainability performance will produce a basis for sustainable policies (Spangenberg, 2001).

The definition of sustainability to see this is maintaining the yield of renewable resources and controlling the reduction of non-renewable resources so that they can benefit the community. Institutionally, this requires population involvement in decision-making (Kidd 1992). It brings the term "sustainability" into the operational plans of essential agencies. Both non-governmental and governmental agencies do decision-making. However, both have different roles in sustainability. Sustainability has two uses: (1) it provides an understanding of the way the institution has performed its duties despite the many problems it has had to face, and (2) it helps identify aspects of the institution that need to be improved or changed (Santoro 2019). This concept should apply to all institutions in the market and engaged in pursuing collective interests, such as non-profit organizations - and public institutions. However, Spangenberg (2002) explains that the institutional dimension and its respective indicators need to be introduced as another pillar of sustainability. Thus, sustainability is interpreted as standing with four dimensions: social, economic, environmental and institutional.

In the context of sustainability, non-governmental organizations are the source of ideas and concepts related to it. The development of the sustainability context elaborates on the definition that the basic idea of sustainability is that current decisions do not damage the prospects for maintaining or improving living standards for the future. As this idea evolved into sustainable development, there is widespread agreement that pursuing policies undermining future generations' well-being is unjust (The Global Possible 1985 in Kidd 1992). The definition of sustainable development is also the permanent process of generating economic benefits while maintaining natural resources due to environmental degradation in the tropical third world, where the need for sustainable development is greatest (Norman Myers 1987 in Kidd 1992).

Furthermore, to achieve institutional sustainability, the most attention is paid to the financial capability of an institution by directing performance evaluation based on an economic framework (Vig & Kraft, 2006 in Santoro, 2018). Institutional sustainability relies on responsive output flows (high quality and valued goods and service); cost-effective goods and service delivery mechanisms (organization and management); and resource flows (recurrent costs, capital investments, human resources) (Brikerhoff and Goldsmith 1992). Furthermore, implementing development policies that are increasingly complex due to the focus on formulating organizational change strategies is also in the concept of institutional sustainability (Wang et al., 2012). When the institution continues, it will lead to sustainable development and factors affecting economic, environmental and social dimensions. Finally, institutional sustainability refers to the coordination and balancing of interests promoted by various stakeholders to pursue goals through forms of community participation with the management of public institutions.

Institutions are more than just organizations when they are described as something that helps individuals to facilitate decision-making. Through institutions, social activities become effective, normative, permanent and predictable (Gehlen, 1964 in Pfahl, 2005). Institutions do not only include the family as a social norm, but

individuals also play a role in shaping these institutions. Based on the concept of institutions above, the organizational hierarchy of institutions based on institutionalisation is 1) Organization; 2) Regime, the system of rules and mechanisms; 3) Social norms, traditional orientation. Institutions are said to be sustainable when they can describe the criteria and definition of institutional sustainability in their vision and mission (Pfahl, 2005). Institutional sustainability itself reflects the ability of the institution to deliver services on a sustained basis (a sustainable institution would have a decentralized system with a motivated staff who would ensure effective management succession), financial viability means the program can meet the cost of lending with its revenue. It is in line with Santoro (2019) who argues that institutional sustainability focuses on the continued activities of institutions or the ability of organizations to overcome financial problems despite a lack of funding. They argue that the higher the institutional capacity, the more sustainable development will be achieved. Institutional sustainability focuses on the technical and managerial skills and capabilities required to achieve the objectives, criteria and principles of the new public management.

This research focuses on non-governmental agencies because most waqf institutions (especially in Indonesia, where this research occurs) are non-profit organizations (NPO) (Adnan et al. 2013). Furthermore, non-profit organizations are included in non-governmental agencies because the definition of the term "non-governmental organization" is an agent that appoints itself to represent the public interest to interact and organise to promote a common goal (Berger 2003). In this context, waqf institutions can be defined as "religious", "spiritual", or "faith-based" NGOs because (Martens 2002) provides a definition of "religious NGOs" as formal organizations whose identity and mission are consciously derived from the teachings of one or more religious or spiritual traditions, and which operate on a non-profit, independent, and voluntary basis to collectively realise and promote ideas of benefit to society nationally and internationally.

Non-profit and public institutions can survive and pursue their long-term goals by integrating short- and medium-term organizational needs with intergenerational sustainability. In this way, strategic management can realise institutional sustainability (Moldavanova, 2014; Stazyk et al., 2016). This strategy can be applied to public and non-profit institutions to help them achieve their goals. Intergenerational sustainability and strategic management will achieve and maintain the institution's vision and mission by considering resources (economic, social, environmental) and institutional legitimacy. Thus, institutional sustainability will provide a broader understanding than performance assessment. The concern is how the institution can regenerate and survive long term without losing its societal role.

In the last decade, public institutions in democracies have experienced a crisis that has compromised their functioning and ability to manage and mobilise resources to achieve goals. Among the problems that have emerged are efficiency, feasibility, effectiveness, appropriateness, professionalism, transparency, and responsiveness. In addition, some other countries have administrative malpractice, waste, and corruption issues that are increasingly rampant (Santoro, 2018). These circumstances make the relationship between institutions and society increasingly difficult. A view to keep the potential of institutions getting more robust is also tricky, given the widespread public distrust of public institutions.

This situation is dangerous for the sustainability of resource management, in an effort to public institutions need to improve their role in society. Institutional sustainability has two benefits: (1) it gives people an understanding of how public institutions continue to perform their duties despite the crisis, and (2) it helps identify aspects of the institution that need to be improved. For this reason, the concept of sustainability must have a universal purpose. Although each institution has a different vision and mission, the concept can be applied equally to public institutions such as non-profit organizations. These organizations depend on their resources, so if they do not maintain their sustainability, threats can quickly come to their existence.

The concept of institutional sustainability has many approaches. Agenda 21 explains institutional sustainability as ensuring stable conditions, democracy, participation, information, training and justice (UN, 1993). The absence of effective institutions, will lead to uneasy circumstances that people have to face in order to correct the social and economic problems. Institutions always has the substance in the sustainable development due to the donor agencies' consideration that institutional sustainability is suitable for the projects they design (Brikerhoff and Goldsmith, 1992). However, sustainability in the context of non-profit organization, concern to the organization capacity to fulfil its mission in the most effective way. In other meaning, sustainability of non-profit organization will possibly operate eternally in the market (Svidroňová 2013). Sustainability is often immediately understood in financial terms and researchers time and again posit "financial" sustainability. However, the sustainability concept mostly connected with the environmental, economic, social and institutional. Moreover, for non-profit organizations, it is highlighting on the economic issue, mainly in the funding. It is due to their ability in constructing the long-term strategy in the short period. Morduch (2000) in his paper discusses the win-win proposition, which considers those institutions to be financially sustainable which are able to cover the cost of their operations, are able to serve more poor people without depending on government subsidies/donor support and are also able to alleviate maximum poverty.

Khandekar and Khaily (1996) discuss the perspective of Bangladesh Rural Advancement Committee's (BRAC) on three related aspects of sustainability, i.e. institutional sustainability, financial viability and the viability of program beneficiaries. While institutional sustainability reflects the ability of the institution to deliver services on a sustained basis (a sustainable institution would have a decentralized system with a motivated staff who would ensure effective management succession), financial viability means the program can meet the cost of lending with its revenue. It is in line with Santoro (2018) whose argues that institutional sustainability focuses on the continued activities of institutions or the ability of organizations to overcome financial problems despite a lack of funding. They argue that the higher the institutional capacity, the more sustainable development will be achieved. Institutional sustainability focuses on the technical and managerial skills and capabilities required to achieve the objectives, criteria and principles of the new public management.

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Institutions are said to be sustainable when they can describe the criteria and definition of institutional sustainability in their vision and mission (Pfahl, 2005). An institution's ability to coordinate human relations (staff) to meet sustainability goals should be used to measure its sustainability. The purpose of sustainable development is to achieve a balance of economic, social, and environmental advantages. Thus, sustainable development aims to achieve social cohesiveness while considering the ecological, social, and economic factors that bind society together (Spangenberg, 2002). Institutions must be available to the public during the decision-making process, and institutional accountability is a critical component of the policy instrument.

Therefore, to achieve institutional sustainability, the most attention is paid to the financial capability of an institution by directing performance evaluation based on an economic framework (Vig & Kraft, 2006 in Santoro, 2018). Institutional sustainability relies on responsive output flows (high quality and valued goods and service); cost-effective goods and service delivery mechanisms (organization and management); and resource flows (recurrent costs, capital investments, human resources) (Brikerhoff and Goldsmith 1992). Furthermore, implementing development policies that are increasingly complex due to the focus on formulating organizational change strategies is also in the concept of institutional sustainability (Wang et al., 2012). When the institution continues, it will lead to sustainable development and factors affecting economic, environmental and social dimensions. Finally, institutional sustainability refers to the coordination and balancing of interests promoted by various stakeholders to pursue goals through forms of community participation with the management of public institutions.

Non-profit and public institutions can survive and pursue their long-term goals by integrating short- and medium-term organizational needs with intergenerational sustainability. In this way, strategic management can realise institutional sustainability (Moldavanova, 2014; Stazyk et al., 2016). This strategy can be applied to public and non-profit institutions to help them achieve their goals. Intergenerational sustainability and strategic management will achieve and maintain the institution's vision and mission by considering resources (economic, social, environmental) and institutional legitimacy. Thus, institutional sustainability will provide a broader understanding than performance assessment. The concern is how the institution can regenerate and survive long term without losing its societal role.

The sustainability of an institution cannot be separated from the interaction of the system innovation model within it. Through a qualitative approach, Siswanto et al. (2018b) explained that the sustainability of waqf institutions in Indonesia requires an education system, economic system, media culture system, environment system and political system. People need to be educated to create awareness in doing waqf, so waqf education needs to be done in the education system. After people understand that waqf is necessary, the economic system needs to be improved so that Muslims can do waqf even from the smallest amount. For this reason, ease of payment must be made so that people do not struggle to endow their wealth at any time.

The role of the media is equally important to support people's desire to do waqf. A media system combined with an education system will encourage people to participate in the waqf programme. Waqf is a concept of resource management for the welfare of society so that not only the economy is the focus but also the environmental system. Finally, the political system is critical to the long-term viability of waqf institutions in Indonesia. The political system plays a role in not only the provision of regulations but also the financial support for waqf institutions.

Institutions are broadly characterized as either public or private (Umar & Haron, 2021). Public institutions are generally concerned with providing products and services to the general public or the entire community. In contrast, private institutions are primarily concerned with maximizing the profits of the fund owners. Thus, all

institutions that are not profit-orientated for the fund owners can be called public institutions, as the primary purpose of their establishment is for society's welfare and socio-economic development. On the other hand, business partners, companies, and individual firms are private entities whose primary goal is to make profits.

Waqf is managed by waqf institutions, which do not connote legal entities but are viewed as legal institutions (Zuki, 2012). Waqf institutions are synonymous with charitable organizations, and within the Shariah framework, they are created for charitable, pious, and religious purposes (Yaacob et al., 2012). In general, there are four terms associated with non-profit organizations: charity, philanthropy, volunteering and giving (Anheier, 2005). The meaning of charity is generosity and caring for others, which are values and practices found in many cultures and religions worldwide. 'Charity' is one of the five pillars of Islam, one of which is zakat, sadaqah and waqf. The second term, 'philanthropy', is the practice of individuals reflecting a love of humanity and the voluntary dedication of personal wealth and skills to society's benefit. 'Volunteering', the third term, means donating time to the community and public interest. Finally, 'giving' means donating money and goods for community and public benefit (Anheier, 2005).

Based on the above arguments, waqf institutions, like philanthropic organizations, are also called non-profit organizations (Kamaruddin & Ramlia, 2015). Essential components of NPOs, according to the United Nations, include organizational structure, non-profit motive, institutionally separate from government, self-governing and voluntary (Yaacob et al., 2012). The above characteristics are almost inherent in waqf institutions (Umar & Haron, 2021). Waqf institutions are considered as third sector organizations (TSO) (Noordin et al., 2017) and non-profit organizations (NPO) (Adnan et al., 2013; Siswantoro et al., 2018), which have been attracting extensive attention from society in recent years mainly due to increased awareness of initiating social contributions (Ebrahim et al., 2010). Waqf institutions are non-profit entities and could be social enterprises that are neither public nor private in the wide range of the TSO and NPO. A *Non-Profit organization* is defined as a legal entity or group formed for a purpose other than profit-making and is not owned by any individuals or entities (Scot, 2010). By this definition, the organization can be profitable but only used for operational costs or social activities. For example, in Bangladesh, waqf institutions are acted in legal regime of NPO type. These NPOs can be listed as a society, a social welfare organization, and a nonprofit corporation, the idea of a trust is nearest to the specific charitable institutions.

Waqf institutions manage waqf, which can be both money and productive assets, to generate income allocated to the needy and social activities. In western countries, such institutions are the non-profit sector, often defined as organizations, foundations, and associations (Anheier, 2005). In Indonesia, the law on foundations is regulated in Law No. 16 of 2001. A foundation is a legal entity with particular social, religious, and non-member objectives (<https://peraturan.bpk.go.id/Home/Details/44893>). Waqf institutions in Indonesia are all in the form of foundations (e.g. Yayasan Masjid Al-Falah Surabaya and Yayasan Dompot Dhuafa Republika). Based on the Minister of Home Affairs Regulation No. 44/2009, waqf institutions are non-governmental organizations and take the form of foundations. Waqf institutions are established not for profit orientation but to provide social facilities, therefore, it is appropriate to say that they are non-profit organizations in Indonesia.

Waqf institutions are authorised to exist perpetually under one of their main characteristics, perpetual. The perpetual nature of waqf allows endowed assets and money to continue to exist without any intention of being sold or lost. Furthermore, waqf is considered perpetual if it continues to give continuous assistance to recipients even after the owner of the waqf assets dies (Umar & Haron, 2021). This scenario is achievable if waqf assets generate profits or long-term revenue. As a result, the development of waqf institutions is projected to create continued income for future generations' welfare (Kahf, 2003).

Waqf institutions will face extinction if their assets do not yield consistent income (Umar, 2019). Furthermore, Waqf assets can only deliver long-term benefits to their intended beneficiaries if they are used to cover operating expenses (Salarzei et al., 2010). As a result, performance measurement is required to evaluate the sustainability of waqf management (Noordin et al., 2017). However, there is room for improvement in the literature on waqf institution performance measurement. As a result, Noordin et al. (2017) draw parallels between waqf institutions and non-governmental organizations.

The main similarities are in the fundamentals through vision, founding principles, how resources are distributed, ultimate goals, growth and development and the challenges both face in determining performance measurement systems. Furthermore, because the nature and primary aim of waqf are similar to those of NPOs and TSOs for the benefit of society (Ihsan & Ayedh 2015; Ramli & Muhamed 2014), waqf institutions can easily adapt and use the same principles and performance evaluation as TSOs and NPOs. As Waqf institutions know, NPOs and TSOs are responsible for administering endowment funds and properties in Muslim countries (Adnan et al., 2013).

They manage endowment funds and property, so a waqf institution is an institution that is given the power to execute public policy. With the power given to them, the behaviour and actions of the institution in the economic, social and environmental fields have been criticised by the public (Enticott & Walker 2008). However, increasing public participation in social contributions puts more pressure on non-profit organizations, mainly waqf

institutions, to demonstrate their commitment to the public by implementing effective accountability systems (Gugerty 2009; Valentinov 2011). Therefore, to fulfil these obligations, organizations cannot avoid incurring various operating costs. In addition to the direct transformation costs incurred during production, transaction costs arise when carrying out contractual obligations and measuring what is being exchanged. These costs have many dimensions, but specific costs occur when making a contract between principal and agent within the framework of an organization.

The relationship between principal and agent could see from the agency theory point of view to understand better the relationship between employers and employees, owners and managers, or customers and suppliers (Eisenhardt, 1989). The agency connection, which involves the principal and the agent, is the most significant idea on which this theory is based. The principal assigns work to the agent, who is responsible for carrying it out (Eisenhardt, 1989). According to Jensen and Meckling (1976), an agency relationship is a contract in which the principal hires the agent to undertake certain tasks. As a result, the principal gives the agent some decision-making authority (Jensen & Meckling, 1976). The agent is rewarded for their efforts if they are in the principal's best interests. On the other side, there is opportunism in the agency connection, which means that both parties in this partnership have different goals and risk preferences.

Suppose both the principle and the agent are utility maximisers. Due to two flaws in that theory, there is every reason to believe that the agent will not always operate in the principal's best interests (Jensen & Meckling, 1976). The first is the issue of agency. It arises when there is a conflict between the agent's goals and the principal's desires, and the principal finds it difficult or costly to verify the agent's style of operation. The key challenge for the principal is determining whether the agent is acting in the principal's best interests (Eisenhardt, 1989). These are the agency costs that result from Agency Theory's first difficulty. The principal's expenses, the agent's, and the alternative costs are the three types of agency costs. Monitoring the agent's performance is one of the principal's costs.

The second type of agency cost is the agent's expenses to acquire the principal's trust, such as insurance costs. This bonding assures the principal will be compensated if the agent fails to act on his or her behalf (Jensen & Meckling, 1976). Residual losses are the third type of agency cost. These are the costs of the principal's reduced welfare due to the agent's decisions and actions not being in the principal's best interests (Jensen & Meckling, 1976). In Agency Theory, there is moral hazard, adverse selection, and information asymmetry. The agent knows more about their behaviour than the principal, illustrating the information asymmetry outlined in this theory.

The principal must shoulder the cost of monitoring and managing to ensure the agent acts on their behalf. "Moral hazard refers to a lack of effort on the part of the agent" (Eisenhardt, 1989). This issue arises when the agent slacks off. It signifies that one party to the relationship (the agent) violates the contract or agreement. Therefore the agent acts in their self-interest. For example, a moral hazard occurs when a research scientist works on a personal research project during work hours. However, the project is so intricate that the principal (who may be a manager) cannot discover what the researcher is doing (Eisenhardt, 1989).

Adverse selection refers to the agent's talents being misrepresented. In that instance, the principal's inability to verify the agent's assertions is the major issue. The agent can say they have the necessary skills or ability to carry out the contract or agreement. Adverse selection occurs when the principal cannot completely check it (Eisenhardt, 1989). In Islam, the composition of the representatives of the managed resources must be precise. This statement is in line with agency theory, where it is clear who is the principal and the agent. However, agency theory in waqf institutions still needs to be explored. Therefore, according to Al-Quran surah Al-Qasas verse 26, there needs to be a selection and recruitment process for staff selection.

Waqf organizations, or non-profit organizations (NPOs), are responsible for administering endowment funds and properties in Muslim countries. Waqf and zakat institutions are today known as non-profit organizations that manage waqf and zakat funds in Muslim nations (Adnan et al., 2013). Waqf shares the same characteristics with non-profit and charitable organizations. Indeed, waqf is considered a non-profit organization as its establishment is aimed at the benefit of society (Ramli & Muhamed 2014). Looking at the nature of waqf institution, it can be either classified as a non-profit organization (NPO) and social enterprise (Ihsan & Ayedh, 2015).

At the organizational level, the second level of savings can be made by creating appropriate governance structures. Hence, that transaction costs can be minimised within an organization. Compliance cost reduction can be fulfilled if society has widely reached an ideological agreement on compliance. In this case, people will abide by the contract as a code of conduct or habit. Specifically, good moral and ethical values (e.g. honesty and decency) will make the parties comply with the terms and conditions, thereby reducing compliance, enforcement and measurement costs. Without such compliance, there would be consequences for the aggrieved party, in this case, the institution, to enforce the contract. Reducing compliance costs will require efficient political and legal structures to complement the ideological element (Ahmed 2012).

Over the last decade, governance and, increasingly, good governance have infiltrated development discourse, particularly research agendas and other activities financed by public and private banks and bilateral donors. The increased focus on governance challenges must be viewed in the context of the neo-institutional revolution in

social sciences, on the one hand, and the simultaneous profusion of empirical research claiming a positive relationship between institutions and development results, on the other. This condition increases the demand for non-profit organizations to implement strong governance practices, such as having independent executive compensation committees (Lee, 2016). However, existing data demonstrate that both organizational and environmental elements influence an organization's adoption of new policies when implementing new good governance.

Organizations make changes to fulfil stakeholders' explicit and implicit needs. In response to changing surroundings and rising demands for accountability and transparency, non-profit organizations have adopted and implemented good governance principles. However, their internal organizational structures and other features determine an organization's adoption. According to institutional theory, organizations change their structures, operations, and routines in response to external forces such as government rules, professional demands, or societal collective standards (DiMaggio and Powell, 1983). The institutional and legal environments in which an organization operates also limit its choice of accountability mechanisms, including those for good governance (Oliver, 1991). As a result, non-profits founded in states with stricter laws and regulations for registration and reporting may have higher board governance standards than organizations incorporated in other jurisdictions.

Another factor that affects good governance also government funding. According to institutional theory, organizations conform to prevailing social norms to gain legitimacy (DiMaggio and Powell, 1983), and the larger size of the non-profit sector in urban communities implies that non-profits in urban communities face greater institutional pressure to adhere to dominant accountability standards. Individual organizations in urban locations face higher hurdles in obtaining private donations, government contracts, government funding, service customers, and even volunteers due to the size of their non-profit sectors. This is because individual contributors, institutional donors, and volunteers have more options, and organizations must compete for financial and human resources with more competitors. According to existing literature, competition forces firms to be more attentive to stakeholders' demands and to pursue competitive strategies. Lee (2016) confirmed that firms in metropolitan areas are likelier to have written good governance policies than those in nonmetropolitan locations.

The board of directors of a non-profit organization is charged with managing and controlling the organization's affairs (Arvidson & Linde, 2021), and non-profit governance is often characterised as the operation of boards of directors (Stone and Ostrower, 2007). Members of non-profit governing boards are often chosen in a variety of ways. The self-perpetuating board is the most prevalent type of non-profit board, which means that the existing board members choose the new board members (Guo & Musso, 2007). In certain non-profit organizations, governing boards are elected by voting members. There are also organizations with boards whose members are appointed by a third party, such as a government agency or a parent organization. Other non-profits have "*hybrid*" boards that use multiple methods to pick board members. According to Guo and Musso (2007), of all types of non-profit boards, an elected board creates the most uncertainty in governance because it is only sometimes clear who will rule the organization from one year to the next.

Given the importance of board governance for non-profits, the form of a board may influence the adoption of effective governance rules. The uncertainty in governance, in particular, among companies with elected boards, may drive them to adopt written policies for good governance to prevent fraud or malfeasance by future board members. Furthermore, organizational age has an impact on good governance. According to the liability of newness theory, young organizations fail rapidly, which decreases as they gain more experience and learning (Ranger-Moore, 1997). As a result, it may take some time for new non-profit organizations to learn what accountability policies they require and to implement them.

According to research, larger firms provide services more consistently than smaller organizations, even during difficult times (Ranger-Moore, 1997). The presence of a large company means that it has the time and resources to strengthen governance and management in addition to its day-to-day activities. This, in turn, may assist large businesses in adopting policies for good governance, which entail a major commitment of human and financial resources (Nezhina and Brudney, 2012). Larger organizations have a stronger motivation to implement sound governance policies. According to research, the size of a non-profit organization predicts the adoption of particular accountability aspects, such as the use of online accountability measures and the voluntary disclosure of information to the public (Behn, et al, 2010; Saxton and Guo, 2011). The size of an organization can be determined in two ways: by its revenue and the number of employees.

Institutional Sustainability Assessment

Several studies mention that waqf has a significant contribution to socio-economic development and welfare, reduces inequality, has an important role to play in Muslim communities, facilitates education, spreads Islamic virtues among Muslims, and is sustainable in the long term for beneficiaries (Siraj 2012; Zuki 2012). The important role of waqf in socio-economic development makes it a fact that waqf needs to have management and administration which should be built as an institution within a legal framework (Mohsin 2013). Waqf institutions

have fulfilled many crucial needs of various sectors financed by the government (Mohsin 2013). Financing has been allocated to education centres, health centres, commercial and business activities, transportation facilities, shelters, and food for the needy and poor, creating jobs for people, agriculture, and industry without imposing additional costs on the government. This financing model will certainly incorporate elements of good governance and sustainability (Adnan et al, 2021).

The uniqueness of waqf institutions in this purpose is that they are not established to make profits but to support the interests and welfare of the entire community. The existence of this purpose makes waqf (Islamic endowment) institutions categorised as non-profit religious institutions (Laallam et al 2020). Waqf institutions are best categorised as Non-Profit Organizations (NPOs) responsible for managing endowment funds and property in Muslim countries (Adnan et al 2013). Ihsan and Ayedh (2015) suggest that waqf institutions have characteristics similar to non-profit organizations and can be considered in the same category, as the formation of these organizations is beneficial to society.

Non-profit refers to any organization whose owners or partners are not bound to any profit sharing (Hansmann 1979; Steinberg and Gray 1993; Salamon and Anheier 1997). Although they are called NPOs, they sometimes have an excess of revenue over expenditure, resulting in a profit (Weisbrod, 2009). Therefore, the term 'profit' is clearly defined according to the technical meaning in accounting and not according to the meaning in general society (Haji-Mohiddin and Mas, 2015). Based on the classification of NPOs (ICNPO), which is endorsed by the NPO handbook (Salamon and Anheier, 1996), NPOs are divided into 11 main groups. These groups are further divided into 24 sub-groups, which include the following sectors: "culture and recreation", "education and research", "health", "social services", "environment", "religion", "business and professional associations", "unions", etc. Thus, with waqf institutions falling under the category of religiously principled Non-Profit Organizations (NPOs), where waqf has several traits that must be retained and must be sustainable, the underlying theory written in this section is based on institutional views, Islamic institutional views and sustainability.

In this study, the concept of sustainability used is limited to institutional sustainability. Institutional sustainability refers to the ability of organizations, institutions, and systems to conduct operations, fulfill their mission, and achieve their goals at any given time by effectively managing resources, adapting to changing circumstances, and minimising negative impacts on society, the environment, and future generations. This process involves integrating economic, social, and environmental considerations into decision-making to ensure the institution's activities are balanced, responsible, and viable under all circumstances. Thus, for decision-making processes, ensuring their long-term viability and positive contribution to overall well-being is also a concern. Institutional sustainability includes responsible governance, ethical behaviour, and equitable distribution for current and future generations (Brown et al. 1987; Graymore 2014; Pfahl 2005).

The concept of institutional in this study is limited to waqf institutions due to the waqf is one of the instruments of Islamic social institutions and waqf has a perpetual nature, therefore, it cannot be sold, bought, or given as a gift to others. It is necessary to ensure that the property can be fully utilised and adequately managed by the Islamic council in each country that owns waqf assets (Daud 2019). As a fundamental instrument in Islam, Waqf potentially contributes to improving a country's sustainability. The ability of waqf to stimulate social, economic growth has attracted the industry's attention (Ibrahim 2022). Efficient development and management of waqf assets can lead to financially sustainable growth in the waqf institution, which is lead to the impact on reduce social inequality (Ibrahim et al., 2019).

Waqf institutions are best categorised as Non-Profit Organizations (NPOs) responsible for managing endowment funds and property in Muslim countries (Adnan et al 2013). Ihsan and Ayedh (2015) suggest that waqf institutions have characteristics similar to non-profit organizations and can be considered in the same category, as the formation of these organizations is beneficial to society. In the context of non-profit organizations, institutional sustainability refers to the ability of an organization to effectively fulfil its mission, benefit recipients, and positively impact the environment over the long term. It requires the sagacious management of resources, the existence of multiple sources of income, the maintenance of strong relationships with stakeholders, and the continuity of adaptation in a changing environment. Non-profit institutional sustainability goes beyond financial stability, allowing the organization to have the capacity to maintain its programmes, engage stakeholders and uphold organizational values and contribute to the betterment of society (Anheier 2005).

Moreover, when an institution wants to achieve sustainability, practices, and indications of adopting a sustainability-focused culture within the organization are among the best ways to achieve these targets. Therefore, in this chapter, through the institutional theory and sustainability framework, it is necessary to have an appropriate measurement called "The Waqf Institution Sustainability Index" to see the sustainability index of institutional waqf at the micro-scale and what indicators affect the institutional sustainability.

In the view of institutional theory, institutional sustainability involves the maintenance and perpetuation of established norms, practices, and structures that shape organizations and societies. Some strategies to perpetuate institutions are legitimacy maintenance (DiMaggio & Powell, 1983), mimetic processes (DiMaggio & Powell, 1983),

coercive pressure (Meyer & Rowan, 1977), cultural embeddedness (Scott, 1995), institutional entrepreneurship (Hoffman, 1999), symbolic actions (Meyer & Rowan, 1977); long-term perspective (Scott, 2008); and continuous learning and adaptation (Hinings & Greenwood, 2002). Furthermore, a sustainability index is required for waqf institutions to measure the performance of institutional sustainability. It is due to the three main characteristics of waqf management, namely perpetuity, inalienable and irrevocable. Therefore, the ideal condition of waqf management is sustainable, equal waqf returns, and equitable wealth distribution.

However, there are several dilemmas in managing waqf institutions in Indonesia. The first dilemma is that there is a big difference between the potential and realisation of waqf (Ulya in Lestari et al., 2023; Noordin et al., 2016), uncertified waqf land (www.siwak.kemenag.go.id), disputes on waqf land that result in mediation, advocacy, and asset swap (Raditya et al., 2023), the misutilisation of waqf assets for economic activities that can add value to the welfare of the community, nazhir's capacity and sense of responsibility (Lestari et al., 2023), the costly of waqf management (Noordin et al., 2016), and the institutional corruption in waqf management both in government and non-government nazir (Noordin et al., 2016). Therefore, there is a need for standards and principles governing the management of waqf assets and new institutional arrangements from institutional theory and sustainability paradigm. Indonesia has an index to measure the waqf governance system at the national or regional level. This index has the name "National Waqf Index" (IWN). This index has six dimensions: regulatory, institution, process, system, outcome, and impact.

The National Waqf Index is one of the well-established indexes to measure waqf performance on a macro level. However, some researchers have also conceptualised measuring the waqf index from various perspectives. The first perspective used is to measure the performance of non-profit organizations through the Maqashid al Shariah perspective. Noordin et al. (2017) have seven dimensions: input, output, outcome, maqashid al-shariah, efficiency, social effectiveness, sustainability, and growth measured by financial health. Arshad et al. (2018) added the dimensions of impact items and network/collaboration items to the maqashid waqf performance measurement model in waqf institutions. Furthermore, Siswantoro et al. (2017) highlighted the performance index regarding Islamic accountability, specifically for public institutions and non-profit organizations. Siswantoro et al. (2017) used five dimensions: finance, performance, public, engagement, and Islamic.

Masruki et al. (2019) highlighted the socio-economic impact of waqf institutions. The dimensions used by Masruki et al. (2019) are input, output, outcome, effectiveness, efficiency, and productivity. The governance perspective is built by Ramli et al. (2018a) in a concept note based on the Balanced Scorecard (BSC) framework and Islamic concepts. Performance measurement built by Ramli et al. (2018) has five dimensions: financial efficiency, internal business processes, learning and growth, waqf stakeholders, and sharia. In other research results, Ramli et al. (2018b) wrote about the primary support for sustainable performance in corporate waqf: the need for long-term programs, technological innovation in planned programs, and business units developed to cover operational costs. This culture focuses on providing knowledge and implementing Islamic values, internal control, and control for beneficiaries. The highlight on institutional sustainability was done by Spangenberg (2002), who contributed four indices, namely decentralization and accountability, public policies and civil society empowerment, education and research, and gender-related. The above studies have provided many perspectives on the measurement index of waqf institutions and institutional sustainability. However, an index that combines the two still needs to be combined, namely the Waqf institutional sustainability index.

The results of research by the Directorate of Zakat and Waqf Empowerment in 2021, the Ministry of Religious Affairs of Indonesia, together with the Indonesian Waqf Board and the Productive Waqf Forum, have initiated the development of the Indonesian National Work Competency Standards (SKKNI), which is a formulation of work capabilities that includes aspects of knowledge, skills, and expertise as well as work attitudes that are relevant to the implementation of the duties and requirements of the specified position. Certified Amil and Nazhir will have professional work standards and the competitiveness to work in institutions wherever they work. In addition to being a mechanism for standardising the ability of zakat managers and waqf managers, it is hoped that it will facilitate each institution's planning and development process. It needs to be done because, based on the policy in brief data issued by the National Committee for Sharia Economics and Finance (KNEKS), 303 cash waqf *nazhir* institutions have received BWI licenses as of October 2021. Meanwhile, according to the Directorate of Zakat and Waqf Empowerment of Indonesia, thousands of land *nazhirs* are composed of 66% individual *nazhirs*, 16% organizational *nazhirs*, and 18% legal entity *nazhirs*. The problem is, in Indonesia, there still needs to be an index to measure non-government waqf organization's performance. At the same time, the professionalism of the nazir is the main thing in the management and empowerment of waqf assets. Therefore, an index that prioritises the sustainability paradigm and institutional theory in its approach is needed. The index developed in this research is called the "Waqf Institutional Sustainability Index." The table below explains the differences between the "National Waqf Index (IWN)" and the "Waqf Institutional Sustainability Index (WISI)".

Table 2. The Difference Between “National Waqf Index” (IWN) and “Waqf Institutional Sustainability Index (WISI)”

Aspect	Index Waqf National (IWN)	Waqf Institutional Sustainability Index
Point of View	To measure the development of governance system of waqf at the national or regional level	To measure the non-government waqf organization's performance
Grounded Theory	Waqf Core Principle	Institutional and Sustainability Theory
Object	Macro Institutions (Badan Wakaf Indonesia – Indonesian Waqf Board (government nazhir organization))	Micro Institutions (Non-government nazhir organization)
Dimension	6 (regulatory, institution, process, system, outcome, and impact)	7 (policy analysis and design, governance and decision-making, capacity building, monitoring and evaluation, collaboration and partnership, risk management and long-term impact)

There are some fundamental framework differences between the national Waqf Index (IWN) developed by Lestari et al (2023) and the Waqf Institutional Sustainability Index (WISI) that will be developed, apart from the similarity of the fundamental issue in these two indexes, which is the potential of waqf that has not yet reached its maximum productivity. The cause of this issue is also the same: Nazhir's lack of competence and professionalism is a significant internal waqf problem that can be solved by mentoring and assistance (Abdullah, 2020). The National Waqf Index has the perspective that it was established to measure the strengthening of the waqf governance system at the national or regional level. It is based on the external problems faced by waqf in Indonesia, namely unsupportive regulations and lack of public understanding of waqf, which can be resolved by socialization and education about waqf and optimizing the role of the Indonesian Waqf Board through strengthening regulations. Thus, the National Waqf Index (IWN) uses five dimensions of the Waqf Core Principles: legal foundations, waqf supervision, good Nazir governance, risk management, and shariah governance. This index is used on macro institutional objects (Indonesian et al.). The five dimensions of the Waqf Core Principle are the guidelines of waqf management, especially in building the accountability of waqf institutions in Indonesia. However, the optimization of waqf management must be accompanied by the impact on the measurement. Measuring the optimization of waqf management in the IWN framework uses six factors: regulatory, institution, process, system, outcome, and impact. Meanwhile, the following section further explains the construction of dimensions in the Waqf Institutional Sustainability Index (WISI). However, we still use the indicator Lestari et al. (2023) developed if it suits our dimensions.

METHODS

The systematic literature review (SLR) of this study used Preferred Items for Systematics Reviews and Meta-analyses (PRISMA) to construct the indicators of Waqf Institution Sustainability Index (WISI). It followed the PRISMA procedure from Page et al (2021)., that widely used by scholars for systematic review (Wardoyo et al, 2023). Moreover, the literature review's transparency and accuracy can be provided by systematic reviews and a flow diagram to ensure the process. Accordingly, PRISMA could serve research reports through the detailed process with transparency, consistency, and high standards (Haddaway et al., 2022). This subchapter presents the protocol which covers the search criteria, analysis method, and exclusion-inclusion criteria.

Search Criteria and Databases

The search criteria used possible terms for institutional sustainability and third-sector institution indicators, including the institutional sustainability dimension. The strings used in this method are (“institutional sustainability”) AND (“dimension”) OR (“institutional sustainability dimension”) AND (“third sector”) OR (“waqf institution”) OR (“Islamic social finance institution”). Those strings were collected from four reputable databases: Scopus, Web of Science, SAGE, and Wiley.

Selection and Identification Process

The author used a rigid and transparent selection process protocol to guarantee high-quality output of the indicators' construction. Hence, the methods of PRISMA used two criteria, inclusion and exclusion. The inclusion criteria were:

(a) scientific papers related to institutional sustainability and third-sector institution indicators published in academic journals

(b) scientific papers with empirical and non-empirical findings

(c) scientific papers written in English.

On the contrary, the criteria for exclusion were:

(a) papers that were not part of the study.

(b) conference/proceeding papers, abstracts, and books.

Due to the limitation of papers that have already been gathered from four reputable sources, the author did not consider using years in the screening process.

Moreover, the identification stages of indicators have been manually followed in the PRISMA-based flowchart. Using the guidelines of PRISMA for reporting systematic reviews (Page et al 2021), the total number of papers was 186 from four databases, in conclusion, 19 papers were selected as the needs of inclusion and exclusion criteria (see Figure 4.1). The next step of this process was the selection of papers reviewed independently by four experienced researchers in institutional theory, sustainability, third sector and index indicators construction. This process must be through to avoid any bias, then the final step was the full evaluation text of 19 papers that already passed the inclusion and exclusion criteria.

The relevant papers have to be identified by the PRISMA strategy for constructing the indicators of The Waqf Institutional Sustainability Index (WISI). The total number of potential papers eligible for the analysis related to institutional economy and third-sector institutional indicators was 151. However, articles that could not retrieved and did not meet the criteria were removed, and 128 papers had to be removed after reading the title and abstract. The 23 articles included in the review became the fundamental source for indicators construction. According to the year of paper publication, it can be seen that the issue of institutional sustainability, in particular on the third-sector economy still relevant and new for institutional sustainability index construction.

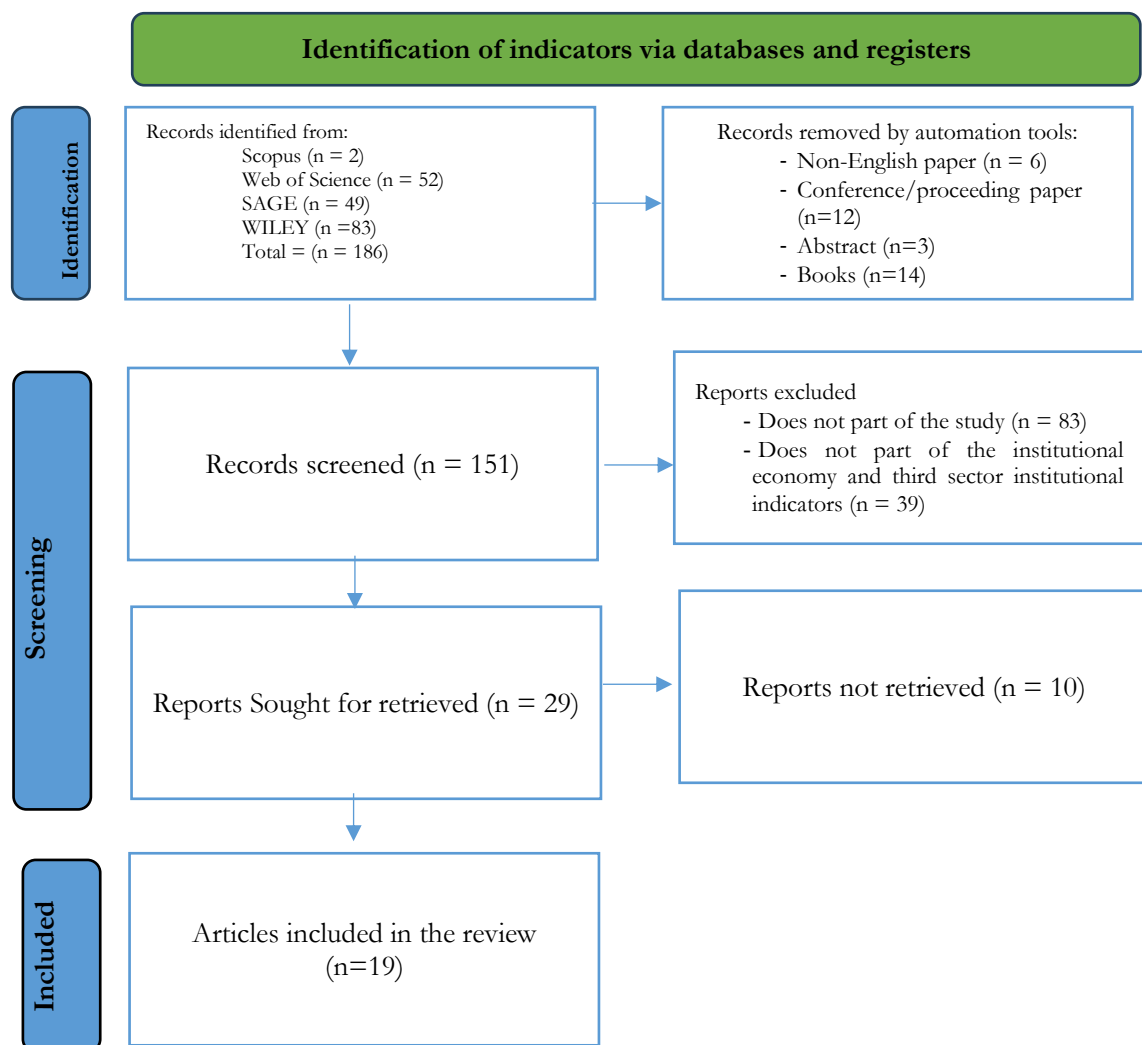


Figure 1. The identification of indicators using PRISMA flow diagram
Source: adapted from Haddaway et al (2022)

DISCUSSION

The Determinants of Waqf Institution Sustainability Index (WISI)

This study focuses on the performance of waqf institutions in East Java. The primary purpose of waqf is to fulfill non-profit goals. Its nature is similar to non-profit organizations (Ramli & Muhamed, 2013), so the definition and performance measurement for non-profit organizations will be applied to measure the performance of waqf institutions. Lee & Nowell (2015) defines performance as the effective and efficient use of resources to achieve results and goals. Non-profits, in here related to waqf institutions, would demonstrate their values, escalate their program and service quality, earn legitimacy, and impact the community (Mitchell & Berlan, 2016). Performance measurement must be conducted to maintain public trust and secure the sustainability of non-profit funding and resources (Lee & Nowell, 2015; LeRoux & Wright, 2010).

Arshad & Zain (2018) suggest that measurement should consider the nature of the organization to achieve social, cultural, welfare, or religious goals. In general, performance measurement is directly related to the purposes of an organization (Ebrahim & Rangan, 2010). Lee and Nowell (2015) measure the performance of non-profit organizations and identify various perspectives that can be adopted in measuring and conceptualizing the performance of non-profit organizations. The perspective is input, organizational capacity, output, result, achievement of public value, and institutional network/legitimacy. To examine the performance of non-profit organizations, prior research is used the performance information and the credibility of institutions.

As noted by Lee (2020), board management as the decision makers would be able to trust the performance information and utilize it for diverse purposes, thus promoting the effectiveness of measurement if the performance measurement system is more credible. These effectiveness determinants in waqf management consist of strengthening relevant policies and legislations, enhancing the capacity and capability of human capital, intensifying an entrepreneur financing program, strengthening enabling infrastructure, and effective governance will be addressed (Sapuan & Zeni, 2021). In enhancing the sustainability of waqf institutions in the long term, the performance of waqf institutions is not only measured from the financial ratios (Shafi et al, 2016) but also non-financial such as regulation, capability of human capital, database information, management, and impact to the society (Noordin et al, 2017; Arshad & Zain (2017); Arshad et al., (2018).

This perspective offers valuable insights for waqf institutions in measuring their performance based on non-financial measures. Therefore, it is relevant if the perspective of waqf measurement performance adopted in this research is input, output, result, and network/cooperation. Inputs refer to the operational resources used and required to produce goods and provide services to any organization. In this context, financial and non-financial resources are procured, used efficiently to ensure sustainability, and support operations in achieving organizational goals (Helmig et al., 2014). Outcomes refer to goods and services resulting from administrative activities (Cordery & Sinclair, 2013). This perspective measures effectiveness in managing inputs related to its achievement (Berman, 2015 in Arshad & Zain, 2017) and the organization's short-term goals (Mitchell, 2012). Cooperation shows how well the organization manages its relationships with other parties and forms a reputation for trust and excellence in the network (Lee & Nowell, 2015). Finally, collaboration with other organizations aims to help reduce costs and efforts (Guo & Acar, 2005).

Despite the prominent role of waqf institutions in contributing to achieving the social objectives of Islamic wealth management, the concern of researchers and the public is growing to demand the effectiveness of waqf management by institutions. Since waqf institutions have the authority to regulate the collection and distribution of waqf assets, the policies and operations made by waqf institutions should comply with sharia principles (Ramli et al., 2018). It is a given that Islamic-based institutions must operate under sharia principles, so the social responsibility policies adopted should also be based on Islamic laws and regulations written in the Quran and Hadith (Darus et al., 2017). Therefore, it should also be complied with by waqf institutions as one of the forms of Islamic-based institutions.

In short, a performance measurement system that collaborates with sharia principles should be used to evaluate the performance of waqf institutions. Then, to produce a shariah-compliant performance measurement system based on institutional theory, the main concern is the institution's objective (Noordin et al., 2017). In the Islamic context, accountability measured through performance indicators based on institution objectives indicates that effective management of waqf institutions is connected to the strong relationship between the waqif (giver of waqf) and nazhir or mutawalli (manager of waqf funds) (Ramli et al., 2018).

Islamic financing institutional performance indicator has been established in Malaysia and Indonesia. Using the Malmquist Total Productivity (TFP) approach, Pyeman et al. (2016) obtained four factors: waqf collection, waqf funds from the government, waqf projects in value and the number of waqf staff. Siswanto et al. (2018) have also compiled a performance management system in accounting. Using the basis of accountability theory, they compiled five factors: finance, performance, public, engagement, and Islamic. These results were refined by

Widiastuti et al. (2022), who found five factors: funding, managing, donating, multipliers perform and productivity performance.

Ramli et al. (2018) built five factors for performance measurement systems in waqf institution governance. First, using the balanced scorecard (BCS) framework and Islamic concept, they found five factors: financial efficiency, internal business process, learning and growth, waqf stakeholders, and sharia. Then, Masruki et al. (2019) built a performance measurement to measure the impact of socio-economic waqf and found six factors: input, output, outcome, effectiveness, efficiency, and productivity. Finally, the results of Ramli et al. (2018) and Masruki et al. (2019) were refined by Aryani et al. (2021) to measure not only the impact of socio-economics but also governance, using the basis of agency theory. Again, they get five factors: corporate information, strategic, financial performance, non-financial performance, and financial statement disclosure.

Some researchers from Indonesia incorporated in the Centre for Strategic Studies - National Board of Zakat (2021) also found five dimensions to measure the World Zakat Performance Index. The five dimensions are legal framework, zakat supervision, zakat reporting, zakat collection, and zakat disbursement. Although zakat and waqf have slightly different regulations, both are Islamic social financing mentioned in the Al-Quran and Hadith. Many studies on performance management systems are still conceptual notes and literature reviews. Zain et al (2021) also found one factor to measure the performance management system in waqf institutions: the social impact factor. Using a bibliometric and critical review, social impact measurement methods are measured through Ongoing Assessment of Social Impacts (OASIS), Social Return on Investment (SROI), Social Costs-Benefit Analysis (SCBA), and Local Economic Multiplier (LEM).

To sum up the literature review findings, here is the summary of the determinants of The Waqf Institutional Sustainability (WISI):

Table 3. The Determinants of The Waqf Institutional Sustainability Index (WISI)

Authors (Year)	Title	Indicators						
		Policy Analysis and Design	Governance and Decision- Making	Capacity Building	Monitoring and Evaluation	Collaboration and Partnerships	Risk Management	Long-term Impact and Resilience
Spangenberg (2002)	Institutional sustainability indicators: an analysis of the institutions in Agenda 21 and a draft set of indicators for monitoring their effectivity.	x	x	x	x	x		
Brinkerhoff and Goldsmith (1992)	Promoting The Sustainability of Development Institutions- A Framework for Strategy	x	x	x		x		x
Markowitz and Tice (2002)	Paradoxes of professionalization - Parallel dilemmas in women's organizations in the Americas		x	x		x		
Santoro (2018)	The sustainability of institutions: an unstable condition			x				
Trasciani (2023)	The institutional shaping of third sector organizations: Empirical evidence from Italian provinces			x				
Spangenberg (2004)	Reconciling Sustainability and Growth: Criteria, Indicators, Policies	x	x					
Pfahl (2005)	Institutional sustainability	x	x	x		x		
Kyereboah- Coleman and Osei (2008)	Outreach and profitability of microfinance institutions: the role of governance	x	x				x	x
Hussain and Ahmed (2023)	Governance and the double-bottom-line performance of microfinance institutions: evidence from Bangladesh		x	x	x	x	x	
Aboagye and Otiekku (2010)	Are Ghanaian MFTs' performance associated with corporate governance?		x	x		X	x	x
Hasan, R et al (2022)	Determinants of sustainability reporting decision: evidence from Pakistan.	x	x		x		x	
Sulaiman, S et al (2019)	Financial sustainability of state waqf institutions (SWIs) in Malaysia.	x			x	x	x	x
Umar, UH et al (2020)	Integrating Wqf and Business: Ensuring business sustainability for the welfare of heirs and non-heirs.	x				x	x	x
Abdullahi, S (2022)	Branding waqf for sustainable development: A marketing approach	x				x	x	

Noordin et al. (2017)	Developing a comprehensive performance measurement system for waqf institutions		x		x			x
Arshad et al. (2018)	Primary drivers of sustainable performance: The case of corporate waqf		x		x			x
Masruki et al. (2019)	Performance Measurements of Socio-Economic Impact for Waqf (Endowment) Institutions							
Widiastuti et al. (2021)	Financial performance measurement for nazhir: A proposed model based on sharia accounting standard	x		x	x	x		x
Lestari et al (2023)	The development of national waqf index in Indonesia: A fuzzy AHP approach	x	x		x			x

Seven dimensions could be the determinants of The Waqf Institutional Sustainability Index (WISI). The seven dimensions are policy analysis and design, governance and decision-making, capacity building, monitoring and evaluation, collaboration and partnership, risk management, and long-term impact and resilience. The determination of sustainability boundaries in this study is clear, using institutional sustainability and limited to the management of waqf institutions because waqf has three characteristics: perpetual, irrevocable, and inalienability. The existence of these three characteristics makes waqf management, in the institutional view, must be sustainable to provide continuous income to the waqf organization. With continuous income, the impact of waqf in all dimensions on the beneficiaries (*manquf alailah*) is acceptable. Sustainability indicators must be operational in each context with acceptable relevant scales and appropriate methods and designed for the long term (Heinen 1994). This requires clear definitions, an overall focus on sustainability, and the importance of time and spatial scales. Spangenberg (2002) developed institutional sustainability indicators based on wanting to measure the effectiveness of institutions by assessing the implementation of their objectives. Therefore, to create these indicators, several steps must be taken. Adapted from Bell and Morse (2008), 10 steps must be taken and are listed in the below:

Table 4. Institutional Sustainability Indicators

1.	What is meant by waqf institutional sustainability must be clearly defined.
2.	Sustainability must be seen as a whole, including economic, social, institutional, and environmental components.
3.	The sustainability perspective should include the idea of waqf character.
4.	Time horizon and spatial scale should include local and long-distance impacts on waqf institutions.
5.	Waqf institutional sustainability should be based on the measurement of a limited number of indicators based on standardised measurements.
6.	The methods and data for assessing waqf institutional sustainability should be open and accessible to all.
7.	Results should be effectively communicated to institutional managers and the public.
8.	Open participation is required.
9.	Allowance should be made for repeated measurements to determine trends and incorporate experience results.
10.	The institution's capacity to monitor the progress of waqf management on an ongoing basis must be assured.

Source: Spangenberg (2002)

There are two approaches to determining measurement indicators: the 'top-down' and 'bottom-up' approaches. In the 'top-down' approach, two methods need to be employed, namely looking for clear indicators through a literature review and measuring the indicators that have been determined. Meanwhile, to measure with a 'bottom up' approach, the step that needs to be taken is to gather experts to define waqf institution sustainability. This study uses a 'top-down' approach, where the indicators for sustainability measurement have been determined through an Islamic institution perspective. From the Islamic institution perspective, the functions of institutions for economic performance are threefold: establishing and protecting property rights, facilitating transactions, and permitting economic cooperation and organization.

To define 'institutional sustainability', one must be able to derive criteria from defining the normative expectations that institutions must achieve. This research addresses the context of governance performance for sustainable development, indicating the activities of an institution that relate to sustainable decision-making and policy implementation. That is, it is about more than maintaining the institution. Institutional sustainability must match the capacity of institutions to coordinate human interactions to achieve specific sustainability goals (Pfahl, 2005). Thus, institutional sustainability performance relates to the political process: access to participation, transparency in decision-making, and institutional accountability are vital elements in sustainability-oriented policies and political instruments. This institutional performance does not only apply to for-profit organizations but also to non-profit organizations.

Waqf institutions, as non-profit organizations, must also be sustainability-oriented because the meaning of waqf is perpetual. Thus, in waqf institutions, sustainable performance relates to the ability of waqf institutions to conduct efficient management and distribute waqf sustainably to beneficiaries (*manquf alaihi*). The community can utilise the benefits gained from waqf in the long term (Ramli et al., 2018). Sustainability can occur if there is production, knowledge, and innovation (Carayannis & Campbell, 2011; 2012). Change creates and triggers the next innovation (Carayannis & Rahmatullin, 2014; Caraynni & Campbell, 2012).

The basis of sustainability measurement, generally, is to simplify performance tools that will help the government or stakeholders make political decisions to realise sustainable development. Thus, sustainability measurement must have several things, namely General, i.e., not dependent on a particular situation, culture or society; Factual, i.e., representative of the actual phenomenon intended to be assessed; Sensitive, i.e., should immediately address changes in a sensible way in what they are monitoring; Robust, i.e., there will be no significant change even if there is a slight change in methodology or improvement in the database.

To assess performance, it should be clear which indicators have more or less value than others to avoid ambiguous indications. Institutional sustainability performance is related to decentralization and accountability of decision-making because external stakeholders can assess institutions' decisions by looking at their performance scores. Buchanan et al. (2005) explained that sustainability is a working method, goal, achievement, and continuous development process. Thus, the sustainability of waqf institutions in Malaysia has been created because waqf institutions have a clear vision and long-term programs. With a long-term program, the way to achieve technological innovation in fundraising and distribution programs can be achieved. In addition, waqf institutions in Malaysia also have business units developed to help lower operational costs (Ramli, 2018). However, waqf institutions need a performance culture that focuses on providing knowledge and implementing Islamic values to measure sustainability. In addition, there needs to be internal control conducted by external parties and the need for control for beneficiaries.

The Application of Institutional Sustainability on The Waqf Institutional Sustainability Index (WISI)

The practice of waqf in Indonesia shows that since October 2021, 303 cash waqf nazhir institutions have received BWI licenses. In addition, there are thousands of land nazhirs consisting of 66% individual nazirs, 16% organizational nazirs, and 18% legal entity nazhirs. Therefore, Nazhir's professionalism is paramount in managing and strengthening waqf assets. The problem is that in waqf practice in Indonesia, no index measures the performance of non-government waqf organizations. Indonesia has the National Waqf Index (IWN), built to measure waqf management systems at the national or regional level. However, an index to measure the performance of non-government waqf organizations, mainly on the sustainability of waqf organizations, still needs to be included. For this reason, this study develops the Waqf Institutional Sustainability Index (WISI) framework, which includes seven factors: policy analysis and design; governance and decision-making, capacity building; monitoring and evaluation; collaboration and partnerships; risk management; and long-term impact and resilience.

Policy Analysis and Design Factor

The first factor is the policy analysis and design factor. It refers to how development institutions assess their interventions' long-term impact and sustainability, considering environmental, social, and economic resilience factors. To measure the policy analysis and design factor, this study uses seven subfactors: (1) the number of institutional employees, (2) the number of certified nazhir, (3) the recruitment standard, (4) the availability of public information management, (5) the public relations, (6) the availability of ecologically sustainable least-cost strategies, and (7) corporate population impact control. Policy analysis and design factors are important because, in institutions, policy and design are regulations that can improve sustainability (Spangenberg 2002). Therefore, in the policy and design factor, institutions must set long-term goals, define the steps and actions to be taken, and link the institution's activities with sustainable development goals. Policy prioritization thus becomes an endeavor to contribute to improved institutional performance (Brinkerhoff and Goldsmith 1992). Policy frameworks and indicators can also be developed to improve the goal of a growing and sustainable economy (Spangenberg 2004). Policies can also balance outcomes and benefits and provide financial stability and optimization within the institution (Kyereboah-Coleman and Osei 2008).

Therefore, seven subfactors are required to evaluate the policy analysis and design factor. The first subfactor is the number of institutional employees because efficiency requires two components: input and output. The input requires the amount of waqf funds from the government and the number of employees, while the output requires the amount of waqf funds collected and the value of waqf projects (Pyeman et al. 2016; Raditya et al 2023). Second, is the number of certified nazhir because as more professionalized personnel turn out to be in terms of educational certification and membership in professional and business associations, there is a greater degree to which the organization becomes like other organizations in the field (DiMaggio and Powell 1983; Raditya et al. 2023). Third is the recruitment standard, as selection criteria for the waqf manager should be established to increase

the trust of the waqf and the institution's credibility. Such a set of requirements should consider the understanding of Shari'ah principles and the principles of professionalism (Waqf Core Principle Part IV No 47, Indonesia Board Waqf 2019). In addition, ethical commitment is reflected through the main business activities, policies, and processes, for example, employee recruitment (Rahmat et al 2022). In the standard recruitment process, in addition to employee recruitment, there need to be key performance indicators (Pirasteh 2011; Atan et al 2013); planning, monitoring, and programme evaluation (Siswantoro 2018; Rahman et al. 2022).

The fourth subfactor, the availability of public information management, relates to which channels or media the waqf authority uses to inform the public about its activities, whether it is an internal website or external media (Raditya et al 2023). Public information management is important for monitoring roles because full communication and extensive disclosure of information can lead to public opinion (Jo and Kim 2008). The fifth subfactor, public relations, is one of the subfactors because firms with good ethical reputations can potentially restore stakeholders' trust and public confidence. For the waqf sector to continue, the government, business sector, and community must have a positive public image. Then, to maintain this, regular reporting and awareness must be done (Rahmat et al. 2022). The sixth subfactor is the availability of ecologically sustainable least-cost strategies because companies can consider budgeting to use environmentally friendly product designs to minimise environmental costs in the long run (Shrivastava 1995). The seventh subfactor is corporate population impact control; companies can adopt sustainable practices in their infrastructure services, such as using renewable energy sources, reducing energy consumption, and minimising waste (Shrivastava 1995).

Governance and Decision-Making Factor

The second factor is Governance and Decision Making. It defines institutional structures, decision-making processes, and stakeholder engagement in advancing sustainability goals. Robinson et al. (2023) describe six principles for overall sustainability governance, namely institutionally enabled action, inclusive narrative, integrated operational sustainability, prioritised transdisciplinary research, and embedded sustainability in the vision and mission of the organization. In addition, in advancing institutional sustainability, organizations need to explore institutional structures, decision-making processes, and stakeholder engagement (Spangenberg 2002; Spangenberg 2004; Pfahl 2005). Governance also includes leadership commitment, structures in institutional development, boards of directors, management teams, decision-making processes, strategic choices of institutions, and governance structures to shape and maintain sustainability (Brinkerhoff and Goldsmith 1992; Markowitz and Tice 2002; Eschenfelder et al. 2019; Kyereboah-Coleman and Osei 2008; Hussain and Ahmed 2023; Aboagye and Otioku 2010).

The subfactors that comprise the governance and decision-making factor are 1) management of the waqf organization; 2) auditing process, and 3) self-regulation. These three subfactors are important as organizations must communicate ethical values to stakeholders to achieve sustainability. This disclosure is partly due to the pressure exerted by stakeholders to improve accountability and transparency and the increasing influence of disclosure since the beginning of the 21st century (Gauthier, 2020). Justice should include caring behaviour and responsibility towards others (Joseph, 2013). Building a waqf index should include qualitative (sustainability, transparency, and effectiveness) and quantitative (financial) indicators. The reason is that building a waqf index should include both qualitative (sustainability, transparency, and effectiveness) and quantitative (financial) indicators.

Capacity Building Factor

The third factor is capacity building, which defines institutional capacity to promote sustainability, including the availability of resources, expertise, and training needed for effective implementation. Capacity building includes the availability of resources (financial, human, and physical), budget allocation considerations, utilisation of resources for long-term impact, expertise, and training required for effective implementation, supporting sustainability initiatives and infrastructure improvements (Spangenberg 2002; Robinson et.al 2023; Brinkerhoff and Goldsmith 1992; Markowitz and Tice 2002; Santoro 2018; Trasciani 2023; Pfahl 2005; Eschenfelder et.al 2019; Hussain and Ahmed 2023; Aboagye and Otioku 2010). Institutional development entails building the capacity of staff and their partners to understand and integrate sustainability concepts into their work. This can involve training, knowledge sharing, and skills development to improve institutional effectiveness. There are three subfactors to measure this factor: frequency of nazhir training, staff education, and type of nazhir training. The frequency of nazhir training is needed to see the competence of employees (Mutiarra and Widigdo 2021).

Monitoring and Evaluation factor

The fourth factor is monitoring and evaluation. The definition of the monitoring and evaluation factor is a mechanism for tracking and evaluating the institution's progress towards sustainability goals, which reflects the institution's commitment to continuous monitoring and improvement. The subfactors of the monitoring and

evaluation factor include five items: evaluation of training required, evaluation of certified and uncertified waqf land, number of certified sharia supervisory boards, amount of cash waqf collected, and media coverage. Evaluation within an institution can be conducted through performance metrics to assess the success of sustainable management (Robinson et al. 2023).

Collaboration and Partnership factor

The fifth factor is collaboration and partnership, meaning how institutions collaborate each other, civil society, and other stakeholders to enhance the effectiveness of sustainability initiatives. Effective collaboration will impact development and long-term success (Brinkerhoff and Goldsmith 1992). Collaboration and professionalism in non-profit organizations can contribute to the sustainability of the organization (Markowitz and Tice 2002). There are three subfactors to measure the collaboration and partnership factor: the availability of government budget support, the number of collaborations, and the availability of coaching support by authorities (Lewis 2003; Kayaga et al 2013).

Risk Management Factor

The sixth factor is risk management, meaning how governance mechanisms influence risk management related to outreach efforts. Risk management measures strategies to reduce financial risks and risks related to social performance (Hussain and Ahmed 2023). There are seven subfactors to measure risk management, namely administrative costs, net profit ratio, operating profit ratio, revenue growth, availability of financial investment, availability of new business establishment and cash availability (Abraham 2006; Shafii et al 2014; Spangenberg 2002; Awqaf Properties Investment Fund (APIF) 2020; Waqf Indonesia Core Principles 2019).

Long-term Impact and Resilience Factor

The seventh factor is long-term impact and resilience, which is how development agencies assess the long-term impact and sustainability of their interventions, considering factors such as environmental, social, and economic resilience. Measuring this factor is necessary to know how the institution can adapt to various conditions and increase this resilience to ensure long-term sustainability (Santoro 2018; Hussain and Ahmed 2023). This factor has eight subfactors, namely programme efficiency, fundraising efficiency, percentage of programmes for environmental sustainability, TQM environmental management, number of beneficiaries (mauquf alaih), number of residences in the waqf institution's coverage area, programme duration, social impact on beneficiaries (Shafii et al., 2014; Siswantoro, 2018). Managers of non-profit organizations have a fiduciary responsibility to efficiently manage the resources provided by donors and members and act as stewards of those resources. However, they are also responsible for the overall performance of the non-profit organization. To that end, they must also measure whether the non-profit organization uses donated money effectively and ethically to achieve its mission. The table below summarizes the factors and subfactors of the Waqf Sustainability Index (WISI).

Currently, many performance measurement systems combine financial and non-financial aspects. By enhancing these systems, institutions can plan, measure and control performance per their objectives. In the context of waqf institutions, Noordin et al. (2017) explained that non-economic indicators that can assess the broad aspects of waqf practices are growth, effectiveness, transparency and sustainability. The three non-economic indicators, namely growth, effectiveness and transparency, have been studied by several researchers (Arshad et al., 2020; Lestari et al., 2021; Noordin et al., 2017; Zain & Hassan, 2023; Masruki et al., 2019). However, nowadays, no performance measurement system has looked at the sustainability of waqf management in an institution. Sustainability is not only seen in the collection process but also distribution. Therefore, the performance measurement system for the sustainability of waqf institutions needs to be researched further.

CONCLUSION

The paper proposes the Waqf Institution Sustainability Index (WISI) to use the institutional economic theory to assess the sustainability of waqf institutions in Indonesia. The concept of institutional sustainability is applied to assess the economic development of a nation, specifically Indonesia, in the context of sustainable development and its implications for the future economic structure. The indicators used in the WISI incorporate core elements of waqf, adapted from legal texts and previous studies, and aim to measure waqf institutions' commitment to promoting the Sustainable Development Goals (SDGs). The study takes a 'top-down' approach, using an Islamic institution perspective to determine the indicators for measuring sustainability. The functions of institutions for economic performance in this context include establishing and protecting property rights, facilitating transactions, and permitting economic cooperation and organization. The perpetual nature of waqf allows endowed assets and money to continue to exist without being sold or lost, contributing to the development of waqf institutions and creating continued income for future generations' welfare. The Waqf Institutional Sustainability Index (WISI)

determinants include policy analysis and design, governance and decision-making, capacity building, monitoring and evaluation, collaboration and partnerships, risk management, and long-term impact and resilience.

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