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Title : EFFICIENCY DETERMINANTS OF MALAYSIAN PUBLIC WAQF IN A DYNAMIC ENVIRONMENT

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Managerial efficiency is all important in financing a not-for-profit foundation. Waqf or endowment is among one of the Islamic financial institutions set up for the sole intention to serve as a catalyst for economic growth and development of Muslims. In Malaysia, every state does its own Waqf department under the organization of State Islamic Religion Councils (SIRCs). As sole single trustees of Waqf funds, SIRCs are responsible to do all the bodily processes and transactions done for the development and aggregation of finances as easily as to invest and administer the revenues from the finances. This research is divided into three analyses. Firstly, this research did an extensive measurement using the Data Envelopment Analysis (DEA) to investigate the dynamic efficiency performance of Waqf Departments in Malaysia. This research breaks the efficiency measurement into three sections;

- i. Dynamic DEA analysis to cover the Technical Efficiency (TE), Pure Technical Efficiency (PTE) and Scale Efficiency (SE) in static CRS efficiency measurement, VRS efficiency measurement, dynamic CRS efficiency measurement with two approaches of input orientation and output orientation.
- ii. Two-stage DEA measurement to measure both Waqf collection and Waqf distribution functions. The Two-stage DEA separates the collection function from the distribution function.
- iii. Waqf Management Efficiency (WME) Index that measured by DEA Malmquist Total Factor Productivity Index. This WME Index is to detail on the efficiency changes that comprises of Efficiency

Change, Technical Change, Productivity Change, Scale Efficiency Change and Total Factor Productivity Change.

Secondly, this research applied Logistic Regression to the binomial efficiency scores for the robustness check. Finally, this research executed the dynamic panel data examination on the state's economic indicator as for determining the determinants of the Waqf efficiency. Thorough procedures were applied; panel unit root test, diagnostic test and dynamic test in reaching at the final result of Generalized Method of Moments. DEA analyses prescribed the efficiency measurement on Waqf Departments of SIRCs by operating both input and output information from the institutions. Various scales extracted from the analyses and from the result, the most efficient Waqf Department constituted its score that equal to 1, in which said the perfectly efficient. The state with score less than 1 is categorized under the inefficient score. Out of thirteen states, SIRC of Pulau Pinang, Sabah, Terengganu and Negeri Sembilan mostly resulted in the efficient score. LOGIT analysis then did check for the likelihood of the occurrence of efficiency for Waqf Department. From the result, it confirmed the observations of TE, PTE and SE in DEA previously by its binomial categorization function. GMM panel data analysis did justify State Investment and State Revenue as the determinants for Waqf efficiency. Significantly, this research did a comprehensively measurement of institutional Waqf departments and external determinants. Waqf practitioners and administration may adopt WME Index as to evaluate yearly performance of public Waqf as per adequate information prevails.