Exploring *Awqaf* Mutawalli’s Accounting and Reporting Practices: Some Preliminary Malaysian Evidence

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ABSTRACT

Accounting and reporting in *awqaf* operations are directly linked to *awqaf*mutawalli’s (*awqaf* manager or administrator) accountability. Mutawalli’s accountability is a pressing issue as it is inextricably linked to *awqaf* institution’s sustainability and survival. Being a manager to *awqaf* assets, mutawalli’s accountability is therefore expected to influence donators’ confidence and hence their continuous financial support. It is, hence, timely that mutawalli’s accountability from the acute dimensions of accounting and reporting are explored and examined. This effectively provides a basis for a reality check regarding the necessary improvements. Consistent with the above premise, this study explores the current accounting and reporting practices of two distinct mutawallis, operating on different operational platforms. Utilizing multiple research techniques comprising both interviews and record reviews, the preliminary empirical results are arguably informative and revealing, systematically providing an appropriate basis for a reality check on mutawalli’s accountability. This provides an improvement framework on *waqf* management to other mutawallis in Malaysia as well as filling the sparse academic literature on *awqaf* accountability in the acute context of accounting and reporting.

Keywords: Accounting and reporting practices, *awqaf*, disclosure

INTRODUCTION

The institution of *waqf* (plural) in Islam is one of the poverty alleviation mechanisms in the society besides *zakat* (compulsory charity) and *sadaqah* (optional charity). It has been widely discussed in the literature that *waqf* can be an effective system of...
poverty eradication by improving the non-income generating aspects such as health and education, besides increasing access to physical facilities such as commercial, transportation, agricultural, industrial and many others (Sadeq, 2002; Ihsan & Ayedh, 2015). The imperative of *waqf* as the socio-economic vehicle in Islamic economics is also duly emphasized by Allah in the *Quran*:

> And in their wealth and possessions, there is right of the needy (Quran; 51:59)

> Help one another in furthering virtue and God-consciousness (Taqwa), and do not help one another in furthering evil and enmity (Quran 5:2)

*Aqwaf* institutions are essentially Islamic religious entities (IREs) with charitable aims to which the accountability concept is paramount in the context of their survival (Hairul–Suhaimi & Hisham, 2011). This is premised on the fact that *mutawalli*’s accountability would enhance the donator’s confidence and hence their support, systematically causing *waqf*’s sustainability and survival to become a function of *mutawalli*’s accountability (Hairul–Suhaimi & Hisham, 2011; Yasmin & Haniffa, 2017). A body of accountability literature has grown extensively to explain the multi-dimensional accountability traits of *awqaf* institutions (e.g., Hairul–Suhaimi & Hisham, 2011; Hidayatul & Shahul–Hameed, 2011). The empirical accountability literature has also sought to establish empirical evidence of the extent to which accountability has been observed by IREs’ managers. On the back of these extensive studies, however, remain unique outstanding research issues.

First, the majority of prior *awqaf* studies were typically conducted using single or at most less than three *mutawallis*, with attributes contrastingly dissimilar among them. This renders the empirical results obtained to be unique and hence, non-generalizable to other IREs. Hence, it becomes an empirical question as to whether accountability observance in the examined IREs would be equivalent to that of other IREs, particularly in a country like Malaysia. This reinforces the need for examining respective state’s specific accounting and reporting attributes in the studying of *mutawallis*’ accountability. Second, both *awqaf* and *zakat* are Islamic economic tools available to address various economic issues among Muslims and non-Muslims. While the latter is compulsory, the former is purely voluntary in nature. Given the critical importance of these economic tools on the present challenging economic status, particularly among the Muslims, as well as the diverse stakeholders involved, the management of these religiously rooted charity tools has become a major research focus academically.

This demonstrates significant empirical gaps in the literature as well as the practical imperative of studying further the *mutawalli*’s accounting and reporting practices, as evidence toward accountability observance. The silence of the current
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The remainder of this paper is structured as follows. Section 2 proceeds to reviews related literature on awqaf, accountability, accounting and reporting in the charity context. This is followed by the research method in Section 3. The empirical results and discussions are presented in Section 4. Final section concludes the paper which includes some recommendations and suggested future research.

Literature Review

Waqf: General Overview and Historical Development. The word waqf is primarily used in the Islamic context to differentiate it from endowment, trust or foundation that was not established in expressed compliance with Shari’ah (Islamic law). Grammatically, waqf and its plural form awqaf are nouns derived from the transitive verb waqafa which means ‘to stop’, ‘to pause’ or ‘to detain’ (Malaysian Accounting Standards Board [MASB], 2014). In Islamic jurisprudence, a waqf represents a dedication of a specified asset (mawquf) by a settlor (waqif) into the administration of a waqf manager (mutawalli) through a legal instrument (waqfiyyah) such that the income or usufruct of that asset benefits a stated beneficiary (mawqufalaiah) or is used for a stated purpose (Gaudiosi, 1988). Waqf is different from zakat in the sense that unlike the former, the latter is made compulsory among the Muslims although both fall under the concept of sadaqah (religious contribution). Zakat beneficiaries are also clearly mentioned in the Quran (the eight asnafs or categories) as compared to waqf.
funds, but the Islamic scholars unanimously agreed that it should be for any pious purposes, as long as it does not contravene the shari’ah. Historically, waqf assets were used for various purposes including education, healthcare and financing of public amenities (Yayla, 2011). In the context of Malaysia, the manager of awqaf is only rendered valid by the law to be the State Islamic Religious Council (SIRC) of each State (Hairul–Suhaimi & Hisham, 2011). The waqf property is not to be sold, transferred nor can it be inherited because the waqif has relinquished his claim on the said waqf property (Gaudiosi, 1988). Once the property is surrendered to be under waqf, it will become perpetually managed by the appointed mutawalli such that it remains so until the Day of Judgment with no one being able to change its status. The principle of perpetuity is protected by Shari’ah based on a series of rulings such as the prohibition of disposition of the waqf assets through sale and other contracts.

Accounting, Reporting and Accountability in Religious Institutions: Context and Prior Research. Equivalent to places of worship such as Churches (Laughlin, 1988; Quattrone, 2004) and Mosques (Adil, Mohd-Sanusi, Jaafar, Khalid, & Aziz, 2013), as well as religiously linked economic based entities such as zakat (Abdul–Rahman & Goddard, 1998) and non–Islamic charitable organizations (McConville, 2017), awqaf organizations are primarily religious and economic based, not–for–profit institutions which are accountable to various stakeholders (Yasmin, Hanifffä, & Hudaib, 2014). The extant literature in the spheres of religious and economic based, not–for–profit institutions indicate that accounting and reporting practices in these institutions are interwoven with the concept of accountability (Connolly & Hyndman, 2017; Hyndman, 2017).

Accountability could be broadly defined as “a relationship between an actor and a forum in which the actor has an obligation to explain and justify his or her actions or conducts” (Bovens, 2007). Such definition suggests that accountability involves the process of explaining and providing justifications of what has been done, currently done, and to be done, in the future, by the actor to those he or she is answerable or accountable to (Barlev, 2006; Stewart, 1984). In the context of not–for–profit which awqaf belongs to, Hodges (2012) explained that there existed two types of accountability-vertical and horizontal. The former relates to legal structures and the latter represents accountability across governmental departments and other stakeholders. Recently, the term hierarchical and holistic accountability emerged in the accounting and accountability literature (O’Dwyer & Unerman, 2008), whereby the former relates to a narrow form of accountability where influential stakeholders are prioritized while holistic accountability caters to a much wider scope of stakeholders.

Managers of not–for–profit institutions are therefore expected to prepare appropriate (non)accounting records and subsequently provide transparent reporting...
to relevant stakeholders (government, donors, recipients, etc.) covering both the financial and non-financial information of the organization’s (current and past) activities in order to build the stakeholders’ trust, which would subsequently be translated into a continuous stream of financial contributions critically needed for the organization’s future sustainability (McConville, 2017; Yasmin & Haniffa, 2017). More importantly, the provision of transparent reporting would facilitate the unique accountability relationship between various stakeholders, particularly the funders and charity organizations.

In the specific context of accounting, it is regarded as the language of business, finance and commerce, practically applicable to all cultures and historical periods (civilization) (Carmona & Ezzamel, 2007). The objective of accounting and reporting in a not-for-profit context is primarily to disseminate the organization’s activities and achievements for the relevant fiscal years to the stakeholders, which may be internal or external (Dellaportas et al., 2012). Therefore, the non-financial information should be communicated together with the financial information to enable a ‘holistic’ communication with relevant stakeholders as this is also a part of the accountability processes (Yasmin et al., 2014; Yasmin & Haniffa, 2017).

Prior research in the specific context of western churches being part of the not-for-profit organizations indicates that churches played a central role in the development of capitalism and accounting (Quattrone, 2004) which contradicts the essence of the secularism concept whereby church (clergy) is only allowed to manage the sacred and leave the worldly matters to the laity (Swanson & Gardner, 1986). As a result of this demarcation, there are two divisions (of the sacred and the profane) where accounting is considered as a profane activity (Booth, 1993; Laughlin, 1988). The emergence of modern accounting was joined by nascent capitalistic enterprises emerging in the early modern city states such as Italian cities. Luca Pacioli, a church trained scholar, who is claimed to be the father of accounting, wrote *Summa*, which includes a chapter on double entry bookkeeping practices in the 15th century (Foo & Hwa, 2006), although it was claimed that he learnt these practices from the Arab traders who frequented Venice [as Venice was the center port during that period (Zaid, 2004)].

A study by Swanson and Gardner (1986) documents the emergence of accounting procedures and concepts in not-for-profit institutions during a period of change in church institutions in America, during which charities played a critical role in the American (and British) society history. The Episcopal Church in the 18th century canonized accounting rules and processes, although there were no specific statistics or financial data in early canon. The accountability trail was that the minister reported the church’s affairs to an annual convention of diocese, which in turn reported to a general convention which finally reported to the House of Bishops. In 1808, the churches started using
statistics in report and a detailed treasurer’s report existed by early 1840s in Indiana, with the required tabular summaries of the assessments of the local parishes. The reporting developments were recorded from 1853 until 1910.

Laughlin’s (1988) seminal work in studying the Church of England accounting and reporting is among the pioneer in the research of accounting in religious institutions. He argued that accounting was not a context-free mechanic rather it was bound by the surroundings or organizational context in which it operated, especially the influence of the belief system that guided conduct in religious organizations (Tinker, 2004). Laughlin’s (1988) exploration of the inter–relationship through a contextual analysis of the accounting system of the Church of England in order to understand the social fabric of Church of England is an innovation to understand accounting roles in religious organizations. Since then, it has attracted the accounting scholars to study how accounting is used in organizations heavily inclined towards religion (Carmona & Ezzamel, 2007; Hardy & Ballis, 2013; McPhail, Gorringe, & Gray, 2005). Currently, there is a demand for greater disclosure of non–financial information on objectives and outputs of charity in terms of comparisons and explanations (Hyndman & McConville, 2015).

In the waqf and Islamic charities’ context, transparent reporting will certainly enhance mutawalli’s accountability (Hairul–Suhaimi & Hisham, 2011; Hisham, Saerah, Azimah, & Hairul–Suhaimi, 2015) and the distribution of charities’ annual reports serves as an important accountability feature (Yasmin et al., 2014; Yasmin & Haniffa, 2017). The extant literature concentrating on waqf financial reporting is observably scant, with the majority of prior studies being done on sample(s) in Malaysia (Hairul–Suhaimi & Hisham, 2011), Singapore (Che Azmi & Hanifa, 2015; Hisham et al., 2015) and in the UK (Yasmin et al., 2014; Yasmin & Haniffa, 2017). These studies were either conducted to compare the reporting transparency among different waqf (and Islamic charities) institutions (Che Azmi & Hanifa, 2015; Yasmin & Haniffa, 2017) or the reporting transparency between Islamic charities and its non–Islamic counterparts (Yasmin et al., 2014). The empirical results presented, generally, point to the opaque nature of reporting by examined mutawallis such as the imbalance in the provision of information which was heavily toward the administrative aspects rather than achievements of the charities towards their mission, vision and objectives (Yasmin et al., 2014).

In summary, relevant literature covering the issue of accounting and reporting practices by awqaf mutawallis reflects the strategic role of accounting and reporting being a unique mechanism in discharging mutawalli’s accountability, an element critically needed to obtain stakeholders’ trust which in turn ensures the continuous philanthropic and altruistic support towards the institutions, particularly donors or funders. This research adds further to this stream of research by examining the
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accounting and reporting practices of two selected Malaysian *awqaf mutawallis* operating on a distinct operational platform.

**METHOD**
This paper adopts the mixed mode approach with strong emphasis on qualitative technique (Creswell, 2003) attributed to at least two reasons. First, the nature of research objectives which involve an exploration of unknown phenomenon warrants a quantitative approach alone to become unfeasible (Savin-Baden & Major, 2013). Second, the mixed mode allows for the generation of rich research results, enabling researchers to capitalize on first-hand information from the qualitative research technique (Hammersley, 2013). This mixed mode research project involved the use of robust research techniques including interviews and documentation reviews. Consistent with the established research objective of exploring *mutawallis’* accounting and reporting practices, several sub-dimensions are further established in guiding the data collection processes and analysis thereon.

The two selected *mutawallis* are located in two separate states in peninsular Malaysia and coded A and B, respectively, following the anonymity request by *mutawallis* in exchange of their agreement to allow the data collection processes. *Mutawalli* A was established as a corporate entity in 2011 and independently handles *awqaf* assets and funds after assuming the role previously held by the state government. It carries the corporatized image as well as corporate management style which in sharp contrast to *mutawalli* B which operates on a government platform. The selection of these *mutawallis* is premised on the fact that the distinct operational and management setup allows this research to observe and undertake meaningful comparison with regards to potential (dis)similar patterns of accounting and reporting practices.

Relevant accounting and disclosure documents and information from multiple sources including websites, published bulletins, and annual reports were collected from each *mutawalli*. Further, semi-structured interviews with the identified respondents working in the respective institutions were also conducted. The interviews conducted with the officers (Mrs. A and Mr. B from *Mutawalli* A and B respectively) lasted for about forty five minutes each and were held in the respective *mutawalli*’s head office in mid May 2016. Notes were taken as both interviewees were reluctant to be audio recorded or videotaped. These notes were subsequently organized in a tabular format according to eight established sub-dimensions (Table 1) and were given to both interviewees separately for necessary corrections and agreement. The questions asked during the interview were based on the eight sub-dimensions as presented in Table 1 below.

**RESULTS AND DISCUSSIONS**
The data obtained from both *mutawallis* are analyzed by comparing the relevant aspects of both accounting and reporting between the two *mutawallis*. The empirical
results, according to the established dimensions, are tabulated in Table 1 below. Overall, the results indicate differential levels of reporting in terms of contents, reporting methods, frequencies, target users, and regulatory structure governing the accounting and reporting by the selected mutawallis.

Generally, mutawalli A is observed to be better, compared to mutawalli B with respect to reporting contents, methods, frequencies, and target users. These results are generally consistent with those obtained by Che Azmi and Hanifa (2015) in the case of accounting and reporting between awqaf mutawallis in Malaysia and Singapore, Connolly and Hyndman (2001) in the case of charity accounts between charity managers in Ireland and United Kingdom, Palmer et al. (2001) in the case of charity reporting between charity managers in United Kingdom, Yasmin et al. (2014) in the case of communicated accountability practices of Muslim and Christian charity organizations in England and Wales.

Consistent with results obtained by Hairul–Suhaimi & Hisham (2011), both mutawallis’ financial statements have shown several main recording inconsistencies vis-à-vis their status as donated fund’s managers, as opposed to being the ultimate owner of such philanthropic monies. Specifically, the main recording inconsistencies were detected in the use of wrong accounting terms to represent the underlying meaning of specific accounting items. For instance, “Revenues” should rightfully be recorded as “Waqf Collection”, as the future economic benefits attached to such funds will not be accruing to the mutawallis, except for the portion of management fees or expenses associated with managing the funds. The term “Profit on investment” should also ideally be “Profit on waqf fund invested” or “Waqf Usufructs” to correctly reflect the nature of such an item being the benefits (i.e. usufructs) obtained from utilizing such waqf fund. Additionally, “Expenses” should rightfully be recorded as “Waqf Disbursement/Distribution” as distributions to waqf recipients do not fit into the definition of expenses in the accounting context which relates to costs associated in generating the revenue i.e. waqf collection. Finally, the term “Surplus on income” should rightly be recorded as “Surplus on waqf collection” as the term “collection” reflects more suitably the nature of waqf funds collected which are not an income to the mutawalli but rather to the awqaf funds managed by the mutawalli. These primarily aim at appropriately reflecting the mutawalli status as waqf fund manager rather than the ultimate owner or beneficiaries (Hairul–Suhaimi & Hisham, 2011).

The better accounting and reporting practices by mutawalli A could be explained by the human resource factor, an argument based on the finding presented in Table 1 which is coherent with arguments suggested in prior empirical waqf research (e.g. Hairul–Suhaimi & Hisham, 2011; Hisham et al., 2015). The presence of a qualified individual with accounting qualifications-information obtained and verified through the interview with Mrs. A,- enables
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mutawalli A to produce more sophisticated accounting records and transparent reporting compared to mutawalli B, whose accounting records were prepared by an individual without proper accounting qualifications. The absence of a comprehensive and integrated computerized accounting system in mutawalli B further exacerbates its poor accounting and reporting practices as Mr. B admitted during the interview that rampant recording errors were discovered during independent audit process due to the manual nature of recording using Excel. Ironically, Hisham et al. (2015) discovered that despite the examined mutawalli operating in a developed South East Asian country and having only two permanent members of staff, the accounting records and reporting practices were observed to be excellent due to the usage of a highly comprehensive and integrated computerized accounting system. This suggests the operational benefits of adopting information technology infrastructure in accounting and reporting practices which should be seriously considered by mutawalli B.

Comparing the types of financial reports provided by both entities indicates that mutawalli A provides more codified, comprehensive, and transparent reporting to stakeholders compared to mutawalli B and the non-availability of notes to the accounts explaining the nature of disbursements made during the period by mutawalli B warrants further discussion. The extant charity literature suggests that reporting on beneficiaries or channels of charity distributions is critical to the development of trust and accountability relationship between charity entity and funders (Hyndman, 2017). The absence of such information will just put mutawalli B in a position of reducing donors’ trust which would be detrimental to its survival in the long run.

In terms of reporting frequency, target users, reporting mode, and availability of reports, the results indicate that mutawalli B provides a more opaque and untimely reporting compared to mutawalli A as the target users were confirmed by Mr. B during the interview to confine to acute internal users only and the existence of an official reporting lag of three years (considering 2013 reporting as the case, relative to 2016). These are in sharp contrast to more transparent reporting practices by mutawalli A which specifically provide an updated reporting to donors on a timely and frequent basis. Various relevant reports were also made available through diverse communication means by mutawalli A as compared to an extremely limited reporting channel offered by mutawalli B.

The results on the last two dimensions of fixed assets recording and valuation constitute a serious reality check particularly for mutawalli B. Recent revelations in the yearly audit report prepared by the Malaysian Auditor General concerning weak waqf assets management by several SIRCs should be the warning sign. It indicates that several strategic waqf assets remain poorly managed in terms of both recording and valuation (The National Audit Department, 2015). These are critical areas prone to fraud as many fraud cases involving
Table 1
Accounting and reporting practices

<table>
<thead>
<tr>
<th>No</th>
<th>Sub-Dimensions</th>
<th>Mutawalli A</th>
<th>Mutawalli B</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Financial Report Types</td>
<td>Collection and Disbursement Report Statement of Income and Expenses Statement of Financial Position Statement of cash flow Notes to the account</td>
<td>They only official report for <em>waqf</em> is the Statement of Income &amp; Expenses. Revenue was classified as: Sales of SWP units (+) Profits on current account (+) profit on <em>Mudharabah</em> on Investment account Expenses consists of <em>Waqf</em> disbursement; Bank charges. Notes to the accounts are NOT provided such as details on disbursements.</td>
</tr>
<tr>
<td>3</td>
<td>Frequency</td>
<td>Quarterly reporting in the <em>Bulletin</em> available: Upon request; and To those making salary deductions</td>
<td>Requirement: Yearly reporting Physical check revealed that the reporting for 2013 and 2014 yet to be finalized.</td>
</tr>
<tr>
<td>4</td>
<td>Target Users</td>
<td>Prepared for the sole usage of: Board of directors; Staffs: To inform progress especially to Marketing &amp; Project department.</td>
<td>Prepared for the sole usage of: Staffs in <em>Waqf</em> Department; SIRC.</td>
</tr>
<tr>
<td>5</td>
<td>Mode</td>
<td><em>Bulletin</em>: Twice a year; Unpublished financial report: Yearly</td>
<td>Hard copy is only for internal use, but unpublished for public viewing. Occasional and un-updated online reporting is available at <em>mutawalli</em>’s website but not specifically on collection &amp; disbursement in detail.</td>
</tr>
<tr>
<td>6</td>
<td>Availability</td>
<td>Publicly available through: Bulletin Website News Paper Radio IKIM; <em>Mutawalli</em>’s representative</td>
<td>Reporting on collection and disbursement is upon request by donors and not publicly available.</td>
</tr>
</tbody>
</table>
Table 1 (continue)

<table>
<thead>
<tr>
<th>No</th>
<th>Sub-Dimensions</th>
<th>Mutawalli A</th>
<th>Mutawalli B</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Fixed assets register for Normal Waqf</td>
<td>All assets are registered under SIRC’s name and reported in its annual report (AR).</td>
<td>Fixed assets not properly registered and recognized in the Annual Report as it was manually recorded for department reference only.</td>
</tr>
<tr>
<td>8</td>
<td>Assets valuation</td>
<td>Assets valuation was done for land classified for development and accordingly depreciated.</td>
<td>Not valued as it was not recognized in the AR. Cited reason: Costly to engage independent valuer or assessor.</td>
</tr>
</tbody>
</table>

Waqf assets, particularly waqf land, were noted to have primarily been caused by weak waqf assets management particularly on the transfer of ownership, recording, and valuation. Unlike mutawalli A, there was no proper recognition and hence recording of waqf assets in mutawalli B’s annual report. Mr. B explained, during the interview, that all waqf assets were manually recorded for the department’s reference only and no valuation exercise was done in view of the cost involved in engaging the independent assessor.

Overall, being an entity operating on a government platform with high bureaucratic practices, mutawalli B is noted to be lacking in almost all material respects of accounting and reporting practices compared to mutawalli A. Arguably, the state of accounting and reporting practices by mutawalli B is practically consistent with the low demand for such information disclosure by donors in the state in which it operates, whose economic development is noted to be less when compared to the state in which mutawalli A is operating (Economic Planning Unit, 2015). The urban nature of the state in which mutawalli A is operating and hence the higher level of sophistication with regards to informational demand and processing of its people effectively creates appropriate demand for frequent, timely, and informative information disclosure regarding waqf activities handled by mutawalli A, as a majority of the donors work in professional career paths, consistent with its “developed” state status. Although this research paper is unable to prove empirically that the corporatized nature of mutawalli A had contributed towards a more proper accounting and transparent reporting, our conjecture is that the superior state of accounting and reporting by mutawalli A, compared to mutawalli B, is the measured response of corporatization exercise whose primary aims are to enhance operational efficiency and improving deliverables based on the donors’ expectations and demands (Wahab & Rahman, 2013; Yusuf & Derus, 2013). This systematically enhances the entity’s emphasis on donors’ confidence and contributions in ensuring organizational success.
CONCLUSION
Research in the specific area of accounting and reporting practices in the context of the waqf institution is noticeably growing and remains the subject of ongoing study, globally. This research project examined issues related to mutawallis’ accountability across different management and operational regimes and reports novel evidence on accounting and reporting practices of two separate mutawallis with different institutional features and establishment characteristics. The motivation behind this study rests on the need for mutawallis to observe accountability in order to ensure the institution’s survival and such a demand is observed to be sparsely examined in prior research. The empirical results, albeit preliminary, are notably enlightening and incrementally contributive to the extant awqaf literature. The results in general indicate differential levels of reporting in terms of contents, reporting methods, frequencies, target users, and regulatory structure governing the accounting and reporting by the mutawallis. Being a mutawalli operating on a government platform with bureaucratic practices, mutawalli B is noted to be lacking in almost all material respects, compared to mutawalli A. The state of accounting and reporting practices by mutawalli B is practically consistent with the low demand for such information disclosure by donors in the state whose economic development is considered as lower compared to the state in which mutawalli A is operating, thereby shaping the users’ sophistication in informational demand and processing. The results’ implications are at least twofold. First, it reinforces the market assumption with regards to demand and supply of an organization’s accounting disclosure whereby the user’s information processing ability affects, to a certain extent, the demand for quality information and subsequently the supply thereof. Further, the corporatized nature of the mutawalli provides further impetus for quality reporting. These are, observably, demonstrated by the environmental setting of mutawalli A. Secondly, the results fill the highly fragmented literature on awqaf accounting and reporting, particularly in relation to the effect of different operational set ups, as presented in this research. Whilst these implications constitute incremental contributions to both academic literature and practice, it was built upon several limitations which are common in almost all prior academic research. Among others, the present research is based only on two selected mutawallis in a single country of Malaysia, which severely limits the results generalizability. It also looked at the issues of accounting and reporting from the mere surface of the organizational practice, largely due to parsimonious reasons, given the exploratory nature of the research. These, however, systematically open up fruitful areas for future research. Overall, the presented empirical evidence, albeit preliminary in nature, enhances our understanding on mutawallis’ accounting and reporting, thereby adding up to the growing body of knowledge related to awqaf mutawallis’ accountability in the Malaysian context.
ACKNOWLEDGMENT

Financial assistance from KUIS research grant (2015/P/GPIK/GP–007) is acknowledged.

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