

# AL-AWQAF

Jurnal Wakaf dan Ekonomi Islam

Vol. 18, No. 2, Tahun 2025

---

## Efficiency or Trust? Reforming Waqf in Indonesia Through a Tale of Two Waqf Models (Singapore and South Africa)

Lusiana Handayani<sup>1</sup>, Tika Widiastuti<sup>2</sup>, Raditya Sukmana<sup>3</sup>, Magda Ismail A. Mohsin<sup>4</sup>

<sup>1</sup> Politeknik Negeri Banjarmasin, luly@unsil.ac.id

<sup>2</sup> Universitas Airlangga

<sup>3</sup> Universitas Airlangga

<sup>4</sup> INCEIF University

---

**Abstract:** Effective waqf governance is essential for unlocking the full socio-economic potential of waqf institutions. This paper compares two different governance models: the state-led, top-down approach in Singapore and the community-based, bottom-up model in South Africa. By analyzing the strengths and weaknesses of each, the study aims to draw lessons for Indonesia, a country dealing with systemic governance issues. The research employs a qualitative, comparative methodology, utilizing thematic analysis facilitated by NVivo software to systematically code and synthesize existing findings from the three nations. The analysis reveals that Singapore's centralized model offers significant efficiency and robust oversight. Still, it also introduces regulatory rigidity that can hinder smaller institutions and raise trust issues within the community. Conversely, South Africa's independent model has successfully created a comprehensive governance system and promoted public trust; however, it faces logistical challenges in coordinating volunteers and managing leadership succession. The findings on Indonesia point out critical weaknesses, including poorly developed and uncoordinated regulations, a widespread lack of accountability among waqf managers (*nazhir*), and low professional skills. The paper concludes that no single model is universally superior. The key implication for Indonesia is that reform should not focus on wholesale adoption of an external model. Instead, the central recommendation is the implementation of a robust performance measurement framework. Such a framework can serve as a foundational tool to build a hybrid model, enabling data-driven, top-down regulation while empowering bottom-up institutional improvement, thereby addressing the nation's unique challenges.

**Keywords:** Waqf Governance, Performance Measurement, Accountability, Top-Down Governance, Bottom-Up Governance

---

## INTRODUCTION

Waqf, an Islamic endowment for public benefit, has historically been a powerful tool for socio-economic development and poverty alleviation (Arshad & Zain, 2016; Joseph, 2014; Listiana et al., 2024; Medias et al., 2021; Ramli, A., et al., 2018, 2019; Sano & Kassim, 2021). However, its immense potential remains unfulfilled, mainly in many countries, due to significant governance challenges. The effective management and reform of waqf institutions are, therefore, critical for

maximizing their societal impact (Lubis, 2010; Syamsuri et al., 2021; Triwibowo & Yulianti, 2020). In Indonesia, a country with the world's largest Muslim population, the waqf sector's potential is vast yet constrained by systemic issues, including fragmented regulations, a lack of accountability, and insufficient professional expertise among waqf managers (*nazhir*) (Huda et al., 2017, 2018; Komite Nasional Keuangan Syariah, 2018).

This study examines these governance challenges by analyzing two contrasting yet successful waqf models: the centralized, state-led approach of Singapore and the decentralized, community-driven model in South Africa. The Indonesian waqf sector, despite its long history and recent growth in cash waqf, contributes less significantly to the economy than other Islamic funds, such as *zakat*. This disparity stems from key issues such as low managerial competency and unprofessionalism among *nazhir*, a widespread lack of accountability, and a limited understanding of productive waqf management. This has historically resulted in a focus on traditional, consumptive purposes that have not yielded optimal benefits for community welfare (Syakur et al., 2018).

A primary reason for these failures is a significant paradox: Indonesia's established regulatory frameworks coexist with a systemic deficiency in systematically measuring and enhancing institutional performance. The absence of a robust performance evaluation system contributes to enduring challenges, such as suboptimal managerial competency and insufficient transparency. The real-world consequences of these governance failures are severe, leading to issues such as the closure of Islamic boarding schools and high-profile scandals, including the Aksi Cepat Tanggap (ACT) case, which have severely eroded public trust (Melzatia & Rachmaini, 2022; Mulyana, 2022). While scholarly and regulatory attention has focused on formulating governance frameworks, a critical gap remains in developing practical instruments to assess their performance.

This study aims to move beyond the simplistic "either/or" debate between centralized efficiency and community-driven trust that often characterizes discussions on waqf governance. Through a qualitative and comparative analysis, we will gain a deeper understanding of the nuanced strengths and weaknesses of each model. We will explore how Singapore's top-down system provides efficiency and strong oversight but may create regulatory rigidities. At the same time, South Africa's bottom-up approach fosters trust and community engagement but struggles with coordination.

The ultimate objective is to synthesize these findings and derive actionable insights for Indonesia's unique context. By analyzing the successes and failures of these two distinct approaches, this paper proposes that Indonesia's path forward lies not in the wholesale adoption

of a single model but in the strategic integration of a performance measurement framework. This framework would serve as the cornerstone for a new hybrid model, capable of harmonizing data-driven oversight with community-based empowerment, thereby paving the way for a more efficient and trustworthy waqf ecosystem in the country. To achieve this, the study will seek to answer two primary research questions:

1. How do the governance models of waqf in Singapore (state-led) and South Africa (community-based) differ in terms of their effectiveness, operational efficiency, and ability to foster public trust?
2. Given the comparative analysis of the Singaporean and South African models, what specific lessons and a hybrid model framework can be proposed for reforming waqf governance in Indonesia, with a focus on improving both efficiency and public trust?

## **LITERATURE REVIEW**

### **1. Governance Model**

Governance models can be broadly categorized into two primary approaches: top-down and bottom-up (Sohre & Schubert, 2022). The traditional top-down model is hierarchical, with decisions originating from a central authority, such as a government or senior management, and then being implemented by lower levels. This model prioritizes centralized control, clear communication, and compliance, making it efficient for swift and decisive actions and ensuring uniformity. However, its rigidity can hinder adaptation to local contexts. It may lead to a lack of employee or community engagement, as it often overlooks the practical knowledge of those on the front lines.

Conversely, the bottom-up approach emphasizes local actors and grassroots initiatives, with policies and decisions originating from those closest to the issue at hand. This model values participation, local knowledge, and collective action, fostering innovation, flexibility, and responsiveness to specific needs (Conti et al., 2025). Its main drawback is that it can be slow due to the need for consensus and may lack a long-term, coordinated vision if not managed effectively. Research by Lupton (1991) argues that bottom-up approaches are more effective for organizational change because they empower employees by leveraging their on-the-ground knowledge, making the organization more adaptable.

Rather than being mutually exclusive, these two models are often complementary and can be integrated into a hybrid approach, sometimes referred to as "collaborative governance" or "bottom-top" change. This approach combines the strategic vision of top-down leadership with the practical insights of bottom-up participation, yielding more realistic and effective outcomes.

Recent studies provide further insights into these dynamics. Research by Međugorac & Schuitema (2023) on renewable energy projects found that bottom-up governance models are more acceptable to communities because they foster a stronger sense of collective psychological ownership and are perceived to have a better fit with the local place and technology. Similarly, a study by Jans et al. (2024) on Community Energy Initiatives (CEIs) concluded that community-governed CEIs are more appealing to citizens because they are perceived as more representative and effective. The research suggests that genuine community involvement is crucial for motivating participation in the energy transition, and that merely including external parties is insufficient.

Adekola & Grainger's (2023) study in the Niger Delta further supports the limitations of a purely top-down approach, noting that it often fails due to a lack of state enforcement. This institutional vacuum leads to the emergence of new, informal institutions, which they classify as either bottom-up change (where civil society autonomously adapts its traditional institutions) or bottom-top change (where state and civil society networks negotiate new hybrid institutions). This highlights that governance models often evolve in response to real-world complexities, with hybrid forms emerging to fill institutional voids.

## 2. Waqf Governance Theory

The theory of waqf governance is deeply rooted in Islamic principles, diverging from conventional models like agency and stakeholder theories by placing *Tawhid* (the oneness of God) at its core. This fundamental concept dictates that ultimate accountability lies with Allah SWT, broadening the scope of governance beyond a purely human-centric view to encompass a spiritual dimension. This spiritual foundation makes success and welfare inherently tied to moral, ethical, and spiritual commitments, a belief that has been a cornerstone of Islamic culture since its early stages (Abu-Tapanjeh, 2009).

Another key element of Islamic governance is its purpose, which is guided by the *Maqasid Sharia* (objectives of Islamic law) (Pahlevi, 2021). These objectives promote the public good (*maslahat*) and provide a framework for ensuring that all actions enhance the community's well-being. The five core objectives are the protection of religion, the soul, intellect, property, and lineage. These are hierarchically arranged into three levels of importance—necessities (*Dharuriyat*),

needs (*Hajiyat*), and luxuries (*Tabsiniyat*)—to prioritize the most essential aspects of human survival and welfare.

The practice of governance is firmly embedded in the Qur'an, which presents a qualitative, rather than mechanical, approach to leadership and management. This has led to the development of a framework based on several key principles (Choudhury & Hoque, 2006; Kamaruddin & Hanefah, 2021):

- a. **Transparency:** Islamic governance requires clear and documented transactions to prevent injustice. Organizations are obligated to provide timely and transparent information to their stakeholders, as emphasized in the Qur'an (QS. Al-Baqarah, 2:282).
- b. **Accountability:** Accountability in Islam is twofold: to Allah and to human beings. Ultimately, Tawhid guides individuals to be accountable for their actions, as Allah is the final judge (QS. Al-Baqarah, 2:284).
- c. ***Amanah* (Trust):** This is a divine trust between God and humanity, representing a heavy burden of responsibility to be managed with diligence and integrity (QS. Al-Ahzab, 33:72).
- d. **Justice (*Adl*):** Directly linked to *amanah*, justice is a core principle aimed at achieving social welfare. It requires impartiality and objectivity in all dealings (QS. An-Nahl, 16:90).
- e. **Mutual Consultation (*As-Shura*):** Decision-making should involve consultation among stakeholders. The Qur'an explicitly commands this, establishing it as a fundamental part of leadership.
- f. **Responsibility:** Every individual in an organization is responsible for their actions and for adhering to relevant laws, regulations, and ethical standards.
- g. ***Hisbah*:** This principle involves promoting good deeds and forbidding evil as a form of social and ethical oversight, ensuring the integrity and purpose of the community are upheld.

The application of these principles to waqf institutions has become a critical area of focus. Waqf governance, which has historical precedents dating back to the Ottoman Empire, is crucial for promoting transparency and accountability, both of which are essential for a sector that relies heavily on public trust. (A. H. M. Noor et al., 2014) define governance in Arabic as *al-hakimiya*, signifying a high level of ethical social organization.

Scholars have proposed frameworks for waqf governance based on Islamic principles. For instance, Ihsan & Ayedh (2015) identify the core concepts of *ikhlas* (sincerity), *amanah*, *adala*, and *shura*. These guidelines guide the *mutawalli* (waqf manager) in managing assets with integrity, distributing revenue justly, and involving stakeholders in decision-making. Adherence to these principles fulfills both the manager's accountability to Allah and to the community, ensuring the waqf's objectives are met effectively.

More recently, institutions like Bank Indonesia (BI), Badan Wakaf Indonesia (BWI), and IRTI-IsDB have introduced the Waqf Core Principles (WCP) to provide a standardized governance framework (BWI, 2018). The WCP addresses critical issues in the waqf sector, aiming to improve management, ensure transparency, and ultimately strengthen public trust in these vital institutions.

### **3. Waqf in Indonesia**

Indonesia, consistently ranked as one of the world's most generous countries, holds significant potential for developing its waqf sector. The governance of waqf in the country is characterized by a decentralized, community-based structure, where local communities play a key role in appointing and forming the waqf administrator, known as the *nazhir*. These *nazhirs*, who can be individuals, groups, or legal entities, are responsible for managing, developing, and safeguarding waqf assets while reporting their activities to the Indonesian Waqf Board (BWI).

Despite this community-focused approach, the waqf sector in Indonesia faces major challenges. Although cash waqf collections have steadily increased, they still represent a relatively small portion of the estimated national potential of IDR 180 trillion per year (Nasional Ekonomi Dan Keuangan Syariah, n.d.). This is partly because of regulatory hurdles. Laws have been in place since before Indonesia's independence. Still, a significant reform happened with the passing of Law No. 41 on Endowments in 2004, following a fatwa on cash endowments from the Indonesian Council of Ulama (MUI). Even after 20 years, this law is seen as not fully adapted to the needs of modern, productive waqf management.

In response to these challenges and to position Indonesia as a global leader in waqf management by 2045, the government has initiated several efforts to improve governance and professionalize the sector (Ali & Kassim, 2020). Major initiatives include:

- a. Waqf Core Principles (WCP): Issued in 2018 by Bank Indonesia, BWI, and IRTI-IsDB to address governance issues in waqf institutions (BWI, 2018).
- b. Financial Accounting Standards: The Indonesian Institute of Accountants has introduced

specific standards for waqf accounting (PSAK 112, now PSAK 412), which took effect in 2021 (IAI, 2018).

- c. PUG-ESI Guideline: The National Committee on Governance Policy (KNKG) published this guideline in 2023, providing a governance framework for Islamic social institutions by incorporating international best practices from organizations like the OECD, AAOIFI, and IFSB (Komite Nasional Kebijakan Governansi, 2023).
- d. Performance Measurement: To assess the effectiveness of these frameworks, the government uses tools such as the National Waqf Index (IWN) and the Index of Waqf Core Principles Implementation (IIWCP) (Lestari et al., 2023; Tanjung et al., 2022).

These initiatives aim to improve nazhir competencies and ensure waqf management aligns with international standards. This represents a shift toward a more structured and professional approach, aiming to balance Indonesia's traditionally decentralized, community-focused model with robust, centralized oversight and standardized practices.

## **METHODOLOGY**

This research employs a qualitative, comparative methodology to analyze the governance models of waqf institutions in Singapore and South Africa, drawing practical lessons for Indonesia (Aziz & Ali, 2018; Mujahidin et al., 2025).

The data for this research were obtained from two primary sources: a literature review and in-depth interviews. The literature review provided foundational information, while the interviews gathered primary data from experts, including a waqf researcher, a regulator from Singapore, and a practitioner from South Africa.

The primary analytical method used is thematic analysis, a widely used approach for qualitative data (Castilla-Polo & Sánchez-Hernández, 2025; Di Gregorio et al., 2000). Rather than merely counting the frequency of words, this method focuses on systematically identifying, analyzing, and interpreting the underlying meaning and relative importance of patterns, or themes, within a dataset. The core of this analysis is built upon the following six-step process:

1. **Familiarization:** Thoroughly reading and re-reading the collected data from the three countries (Singapore, South Africa, and Indonesia) to gain a deep understanding of the content.
2. **Coding:** Assigning initial codes to specific segments of text that capture basic ideas or

concepts related to waqf governance. For example, a quote about government regulations might be coded as "centralized oversight," while a statement on community volunteers could be coded as "bottom-up coordination."

3. **Searching for Themes:** Grouping the initial codes into broader, more meaningful themes. This is where patterns and connections between different codes start to emerge.
4. **Reviewing Themes:** Refining and reviewing the themes to ensure they are coherent and accurately represent the data. This involves checking if the coded data support the themes and if they are distinct from one another.
5. **Defining and Naming Themes:** Developing clear, concise definitions and names for each theme to capture its essence. For instance, the theme could be "Regulatory Rigidity" for Singapore's model or "Volunteerism Challenges" for South Africa's.
6. **Writing Up:** Presenting the final analysis, including the defined themes, supported by compelling examples and quotes from the data.

To manage and synthesize the vast amount of existing findings and documents, the research utilized NVivo software. NVivo played a crucial role in the coding and thematic analysis process (Pusparini et al., 2024). The software's capabilities allowed for the systematic organization of various data types, the creation of nodes (codes), and the efficient querying of data to identify recurring themes and patterns across the three national contexts. This technological tool enhanced the rigor and transparency of the analysis, ensuring that the conclusions were well-supported by the evidence.

By applying this robust qualitative methodology, the study was able to move beyond a superficial comparison of the governance models. It delved into the nuanced strengths and weaknesses of each system and, most importantly, identified the critical foundational issues in Indonesia that necessitate a specific, tailored solution rather than a simple imitation of a foreign model.

## RESULT AND DISCUSSION

Based on the provided word cloud (Figure 1), the article's main theme is clearly Waqf, as it is the largest and most prominent word. The word cloud, which was generated using NVivo 12's Word Frequency Query from data collected through a literature review and expert interviews, shows that the analysis explores the governance and management of this Islamic endowment. The visual highlights a comparison between two distinct models of waqf governance: a top-down, state-led approach represented by "Singapore," and a community-based, bottom-up model associated with "South Africa." The analysis also reveals a focus on key waqf assets and their development, with terms such as

"properties," "cash," and "development" appearing prominently. Furthermore, the word cloud emphasizes the broader impact and purpose of waqf through terms such as "Islamic," "socioeconomic," "community," "trust," and "education." This comparison is ultimately intended to provide lessons for Indonesia, which is a key focus of the study due to its own issues with waqf governance



Figure 1. Word Cloud using NVivo  
Source: authors' analysis

Based on the provided NVivo project map (Figure 2), the research's central focus is on addressing Governance Issues in waqf institutions. The map illustrates that the study examines two distinct governance models: the Singapore Model (Top-Down) and the South African Model (Bottom-Up). The Singapore model is directly associated with Regulatory Rigidity, suggesting that its centralized nature, while providing oversight, can create inflexibility. In contrast, the South Africa model is linked to Coordination Challenges, indicating that its community-based approach, while fostering trust, struggles with logistical and organizational hurdles.

The map also highlights the problems specific to Indonesia, such as Low Skills among waqf managers, which contribute to the broader Governance Issues. The research's solution is a Hybrid Model that aims to resolve these problems by drawing lessons from both Singapore and South Africa. This proposed model is a direct result of the study's implications and recommendations. A crucial element of this hybrid approach is a Performance Measurement System, which is intended to improve both Efficiency and accountability, ultimately enhancing Public Trust in waqf institutions.

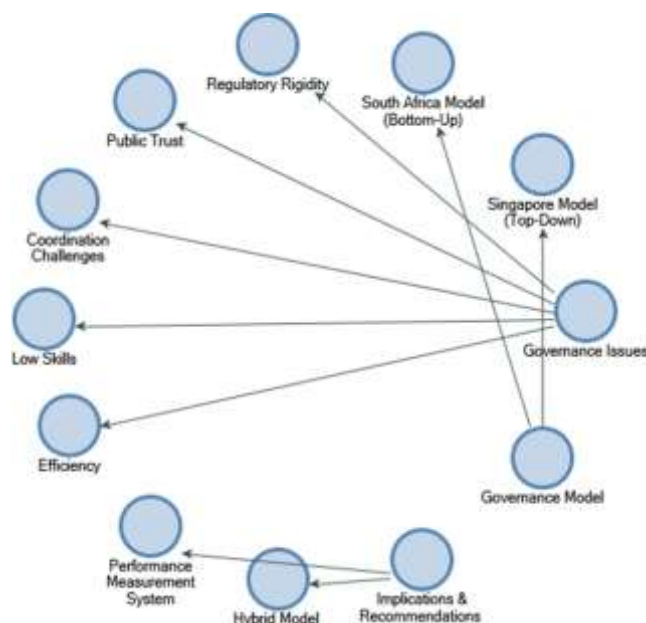


Figure 2 Project Map from NVivo

## 1. Waqf Governance Models

The following analysis will delve into the governance models and key findings highlighted in the preceding figures, specifically by examining the distinct approaches of Singapore and South Africa.

### A. The Centralized Governance of Singapore's Waqf

Singapore's waqf (Islamic charitable endowments) are governed by a top-down model rooted in a hierarchical structure. This model emphasizes centralized control, with decisions and policies originating from the highest levels of authority before being disseminated for implementation. In Singapore, this is executed under the Administration of Muslim Law Act (AMLA), where the Islamic Religious Council of Singapore (MUIS) serves as the central governing body and the "true Trustee" of all waqf in the country (Listiana et al., 2024; Listiana & Alhabshi, 2020). This governance model is based on the principle that a unified, professional approach can maximize the efficiency and productivity of waqf assets for the public good.

Under this model, MUIS is empowered to manage all waqf assets, appoint mutawallis (waqf administrators), and make key decisions concerning waqf matters. Significant decisions, such as the buying or selling of assets, require the explicit approval of the MUIS Council. As one informant noted,

*"...the government recognizes that we are the true Trustee of all waqf in Singapore, we administer all of them, and we can appoint mutawallis, we can come up with ways to manage waqf on our own."*

The centralized structure of MUIS provides a robust framework for regulatory control and maintaining public trust. It enables MUIS to take decisive action, such as removing a mutawalli who fails to meet standards and assuming control of the assets. Furthermore, a formal, court-

recognized dispute resolution process is in place to facilitate amicable conflict resolution without the need for court intervention. Transparency, a cornerstone of public confidence, is upheld through the publication of consolidated and audited annual reports for all waqf on the MUIS website.

Despite these strengths, the governance model faces operational challenges, primarily stemming from manpower constraints. These limitations hinder MUIS's ability to develop and actively implement key performance indicators (KPIs) or conduct regular audits of mutawalli performance. Another acknowledged issue is a potential conflict of interest, as MUIS currently functions as both a regulator and a manager for certain waqf. MUIS is actively working to resolve this situation.

### **B. The Bottom-Up Governance of South Africa's Waqf**

In contrast to top-down models, South Africa's waqf governance is a bottom-up model where decision-making authority and initiative originate from the community level (Cajee, 2019). This approach, exemplified by institutions like Awqaf South Africa, emphasizes community participation, local knowledge, and collective action. A waqf in South Africa can be legally registered as a trust, a non-profit company, or an association. It must adhere to a combination of legal and ethical standards, including the Trust Property Control Act, the Income Tax Act, and Sharia principles.

This decentralized, community-based approach is defined by strong community involvement. The governing bodies, such as the Council of Mutawallis, are intimately involved in daily operations, strategic planning, and significant decisions, which makes them highly responsive to the needs of their community. However, this model faces operational challenges, including the difficulty of coordinating meetings among geographically dispersed, part-time trustees and issues with succession planning.

To foster public trust, the organizations prioritize accountability, transparency, and ethical leadership. A core principle of their ethical leadership is that trustees and board members do not receive salaries or benefits, a practice designed to build confidence that they are serving the community rather than pursuing personal gain. Transparency and accountability are further reinforced by the public availability of audited financial statements on their websites. As one informant confirms, "*We are ready in terms of publishing our financial statements on the internet. We publish it on the internet and on our website.*"

### **C. Waqf Governance Model Analysis**

The two models of waqf governance, the centralized, top-down approach of Singapore and the decentralized, bottom-up model of South Africa, each have distinct strengths and weaknesses. Singapore's model, led by MUIS, prioritizes centralized control and professional management to ensure regulatory oversight and maximize asset productivity. Its key benefits include strong regulatory control and a transparent, formal dispute resolution process, which builds public trust through transparency. However, it is challenged by operational constraints, such as limited manpower and a potential conflict of interest.

In contrast, South Africa's community-driven model, exemplified by organizations like Awqaf South Africa, emphasizes grassroots participation and local knowledge, making it highly responsive to community needs. This model fosters public trust through a strong commitment to ethical leadership, with unpaid trustees, and transparency via publicly available financial statements. The primary challenges, however, are operational, including the coordination of part-time trustees and issues with succession planning. While Singapore's model is effective due to its clear hierarchy and regulatory power, South Africa's model thrives on community involvement and localized decision-making. The choice between these two approaches depends on a country's specific legal, social, and cultural context. A brief comparison of these two models is available in Table 1 below

Table 1. Comparison of Waqf Governance Model

Feature	Singapore (Top-Down)	South Africa (Bottom-Up)
Central Authority	MUIS is the central, state-led regulator and manager.	Institutions are self-governed and community-based, operating as trusts or non-profits under national laws and their own constitutions .
Operational Efficiency	Centralized control ensures strong oversight and formal dispute resolution. However, it faces challenges with manpower constraints and slow development of new metrics.	Close community connection makes it highly responsive to local needs. Challenges include coordinating with part-time, dispersed trustees and succession planning.
Public Trust	Transparency is a core principle, maintained through public, audited reports. A potential conflict of interest exists, but it is acknowledged and being addressed.	Trust is built through a strong emphasis on ethical leadership and voluntary service of its leaders. Audited financial statements are published online to ensure accountability.
Performance Measurement	Currently relies on financial audits due to a lack of manpower. There are no formal KPIs or balanced scorecards for	<i>mutavallis</i> in place yet.

Source: Authors' Analysis

## **2. Lessons Learned**

### **A. Singapore**

The primary lesson from Singapore's model is the importance of a strong, centralized regulatory authority with clear legal authority. MUIS's ability to oversee all waqf, enforce rules, and settle disputes without court involvement offers a framework for effective governance and accountability. This setup can reduce mismanagement and promote transparency through required financial audits and public disclosures. Indonesia can learn from this by enhancing the regulatory and supervisory roles of the BWI and the Ministry of Religious Affairs to establish a more unified and enforceable national standard.

### **B. South Africa**

The South African model highlights the significance of community-based leadership and ethical governance in fostering public trust. Leaders who serve voluntarily without a salary and are highly involved in daily activities create a strong sense of ownership and confidence among donors. Their emphasis on ethical leadership, transparency, and responsiveness to community needs directly enhances public trust. This approach is especially relevant for Indonesia, where the waqf system is already community-driven. Implementing similar ethical standards, including a voluntary service model for key leadership roles, could strengthen public confidence. The South African model also demonstrates that a solid framework of legal and ethical standards can be successfully adopted within a decentralized system.

## **3. Reforming Waqf Governance in Indonesia**

Indonesia's future for waqf governance depends on a hybrid model that combines the most effective aspects of centralized and decentralized systems. This method would honor Indonesia's unique, community-focused environment while enhancing institutional oversight.

### **A. Enhanced Regulatory Oversight (Top-Down Element)**

To improve regulatory oversight, a stronger BWI (Indonesian Waqf Board) is essential. In partnership with the Ministry of Religious Affairs, the BWI should establish a more powerful mandate, similar to Singapore's MUIS, to serve as a central regulator and eliminate overlaps in functions. A key step is making mandatory auditing and reporting a requirement for all registered nazhirs (waqf administrators). The BWI could then publish an annual, consolidated national waqf report, promoting transparency and accountability. Additionally, the use of performance measurement tools, such as the National Waqf Index (IWN) and the Waqf Core Principles (WCP) Implementation Index, should be made mandatory. A standardized performance

scorecard should be developed to assess nazhir performance based on key indicators, including transparency, accountability, and social impact.

### **B. Fostering Community-Based Trust and Engagement (Bottom-Up Element)**

While oversight is strengthened, the daily management of waqf should remain community-driven. This involves empowering nazhir competence through mandatory training and certification to professionalize their skills. The model should also foster a culture of ethical leadership and voluntary service for key leadership roles, inspired by the South African example, to ensure nazhirs are viewed as serving the community rather than for personal gain. Lastly, the performance framework should emphasize impact measurement, including qualitative indicators of social impact beyond just financial metrics. This approach aligns with the core purpose of waqf as a tool for social welfare and offers a more comprehensive view of a nazhir's effectiveness, a concern that has been highlighted.

This hybrid model would allow Indonesia to preserve its grassroots, philanthropic spirit while implementing a strong, modern governance framework. By combining centralized oversight with decentralized, community-led management, it can create a more efficient, trustworthy, and impactful waqf ecosystem.

## **CONCLUSION AND RECOMMENDATIONS**

### **1. Conclusion**

Based on the comprehensive analysis of the waqf governance models in Singapore and South Africa, it is clear that there is no one-size-fits-all approach. Each model possesses distinct strengths and weaknesses in its effectiveness, operational efficiency, and ability to foster public trust. Singapore's centralized, state-led model offers robust regulatory oversight and legal clarity, thereby enhancing accountability and facilitating formal dispute resolution. However, its top-down nature can lead to operational bottlenecks stemming from limited manpower and a potential conflict of interest. In stark contrast, South Africa's decentralized, community-based model excels at building public trust through grassroots engagement and a deep commitment to ethical leadership, but it faces operational challenges related to coordination and succession planning.

### **2. Recommendations**

Considering the unique, community-driven context of Indonesia's existing waqf system, the most effective path forward is to adopt a hybrid governance model that strategically integrates the best features of both approaches. It is therefore recommended that Indonesia's waqf governance be reformed to strike a balance between centralized oversight and decentralized, community-led

management. This can be achieved by strengthening the regulatory and supervisory authority of the BWI to enforce national standards and mandatory reporting, while simultaneously empowering nazhirs and community institutions with the tools and training to manage waqf professionally and with the highest ethical standards. This hybrid framework will enable Indonesia to maintain its strong grassroots philanthropic spirit while building a more transparent, efficient, and trustworthy waqf ecosystem that can maximize its social and economic impact for the public good.

### 3. Implications

This research provides significant practical implications for reforming waqf governance in Indonesia. The proposed hybrid model offers a clear roadmap for policymakers and stakeholders to address the current system's limitations. For policymakers, particularly the Indonesian Waqf Board (BWI) and the Ministry of Religious Affairs, the primary implication is the need to develop a new, comprehensive legal framework that grants the BWI a clearer and more powerful mandate as a central regulator. This framework should mandate standardized reporting, auditing, and performance measurement for all registered nazhirs, thereby enforcing a culture of transparency and accountability.

For waqf institutions and nazhirs, the implication is a call for professionalization. While day-to-day management should remain community-driven, it must be underpinned by a commitment to ethical leadership, continuous training, and professional certification. This shift would ensure that waqf is managed not only with a focus on philanthropic spirit but also with a modern, efficient, and ethical business mindset, increasing its overall social impact. Ultimately, for the broader community, the successful implementation of this hybrid model would enhance public trust and confidence in waqf institutions, potentially encouraging greater donations and participation in waqf activities.

### 4. Future Research

This study serves as a conceptual and comparative analysis, laying the groundwork for further empirical and practical research. Future studies should focus on the following areas to build upon this framework:

- a. *Empirical Validation of the Hybrid Model*: Once implemented, a longitudinal study could assess the effectiveness of the proposed hybrid model in Indonesia. Research could quantitatively measure changes in waqf asset growth, operational efficiency, and public trust before and after the reforms.

- b. *Role of Technology*: Further research is needed to explore how technology, such as blockchain for transparency, digital platforms for fundraising, and data analytics for performance tracking, can be leveraged to support this hybrid governance model.
- c. *Sector-Specific Application*: Future studies could investigate how the hybrid model can be tailored to different types of waqf, such as cash waqf, corporate waqf, or specific regional waqf, considering the unique challenges and opportunities within each sector.

*Socio-Cultural Factors*: A deeper examination of the socio-cultural factors influencing community-based waqf management in Indonesia is warranted. This would help ensure that governance reforms are sensitive to local customs and traditions while still achieving national standards of transparency and accountability.

## REFERENCE

- Abu-Tapanjeh, A. M. (2009). Corporate governance from the Islamic perspective: A comparative analysis with OECD principles. *Critical Perspectives on Accounting*, 20(5), 556–567. <https://doi.org/10.1016/j.cpa.2007.12.004>
- Adekola, O., & Grainger, A. (2023). Bottom-up and bottom-top institutional changes in environmental management in the Niger Delta. *World Development Perspectives*, 31. <https://doi.org/10.1016/j.wdp.2023.100491>
- Ali, K. M., & Kassim, S. (2020). Waqf Forest: How Waqf Can Play a Role In Forest Preservation and SDGs Achievement? *ETIKONOMI*, 19(2). <https://doi.org/10.15408/etk.v19i2.16310>
- Arshad, R., & Zain, N. M. (2016). PERFORMANCE MEASUREMENT AND ACCOUNTABILITY OF WAQF INSTITUTIONS IN MALAYSIA. *International Conference on Governance and Accountability*.
- Aziz, A., & Ali, J. (2018). A Comparative Study of Waqf Institutions Governance in India and Malaysia. *Intellectual Discourse, Special Issue*, 1229–1246. <https://journals.iium.edu.my/intdiscourse/index.php/id/article/view/1265>
- BWI. (2018). *Core Principles for Effective Waqf Operation and Supervision*.
- Cajee, Z. A. (2019). *AWQAF SA The South African Experience*.
- Castilla-Polo, F., & Sánchez-Hernández, M. I. (2025). A bibliometric and thematic analysis of the reputation-performance relationship within the triple bottom line framework. *European Research on Management and Business Economics*, 31(1). <https://doi.org/10.1016/j.iedeen.2025.100269>
- Choudhury, M. A., & Hoque, M. Z. (2006). Corporate governance in Islamic perspective. *Corporate Governance*, 6(2), 116–128. <https://doi.org/10.1108/14720700610655132>

- Conti, C., Hall, A., Moallemi, E. A., Laila, A., Bene, C., Fanzo, J., Gibson, M. F., Gordon, L., Hicks, C., Kok, K., Rao, N., Laxminarayan, R., & Mason-D'Croz, D. (2025). Top-down vs bottom-up processes: A systematic review clarifying roles and patterns of interactions in food system transformation. In *Global Food Security* (Vol. 44). Elsevier B.V. <https://doi.org/10.1016/j.gfs.2025.100833>
- Di Gregorio, S., Associates, S., & London, B. (2000). *USING NVIVO FOR YOUR LITERATURE REVIEW*. [www.sdgassociates.com](http://www.sdgassociates.com)
- Huda, N., Rini, N., Mardoni, Y., Anggraini, D., & Hudori, K. (2018). Manajemen Pengelolaan Wakaf Di Indonesia Timur. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, 20(1), 1–17. <https://doi.org/10.24034/j25485024.y2016.v20.i1.35>
- Huda, N., Rini, N., Mardoni, Y., Hudori, K., & Anggraini, D. (2017). Problems, solutions and strategies priority for waqf in Indonesia. *Journal of Economic Cooperation and Development*, 38(1), 29–53.
- IAI. (2018). *PSAK 112: AKUNTANSI WAKAF TELAH DISAHKAN*. [Www.iaiglobal.or.id](http://www.iaiglobal.or.id). <http://iaiglobal.or.id/v03/berita-kegiatan/detailberita-1113=psak-112-akuntansi-wakaf-telah-disahkan>
- Ihsan, H., & Ayedh, A. (2015). A Proposed Framework of Islamic Governance for Awqaf. *Journal of Islamic Economics, Banking and Finance*, 11(2).
- Jans, L., Goedkoop, F., Perlaviciute, G., Hamann, K., Masson, T., & Burgerhof, B. (2024). How bottom-up and top-down governance of community energy initiatives affects citizens' perceptions, acceptability, and willingness to join. *Energy Policy*, 195. <https://doi.org/10.1016/j.enpol.2024.114389>
- Joseph, S. (2014). Waqf in Historical Perspective: Online fatāwā and Contemporary Discourses by Muslim Scholars. *Journal of Muslim Minority Affairs*, 34(4), 425–437. <https://doi.org/10.1080/13602004.2014.965974>
- Kamaruddin, M. I. H., & Hanefah, M. M. (2021). An empirical investigation on waqf governance practices in waqf institutions in Malaysia. *Journal of Financial Reporting and Accounting*, 19(3), 455–473. <https://doi.org/10.1108/JFRA-03-2020-0055>
- Komite Nasional Kebijakan Governansi. (2023). *Pedoman Umum Governansi Entitas Syariah Indonesia (PUG-ESI)*.
- Komite Nasional Keuangan Syariah. (2018). Masterplan Ekonomi Syariah Indonesia 2019-2024. *Kementerian Perencanaan Pembangunan Nasional/ Badan Perencanaan Pembangunan Nasional*, 1–443. [https://knks.go.id/storage/upload/1573459280-Masterplan\\_Eksyar\\_Preview.pdf](https://knks.go.id/storage/upload/1573459280-Masterplan_Eksyar_Preview.pdf)
- Lestari, Y. D., Sukmana, R., Beik, I. S., & Sholihin, M. (2023). The development of national waqf index in Indonesia: A fuzzy AHP approach. *Heliyon*, 9(5). <https://doi.org/10.1016/j.heliyon.2023.e15783>
- Listiana, L., & Alhabshi, S. M. (2020). WAQF AND LEGACY OF ALTRUISM IN SINGAPORE: CHALLENGES AND DEVELOPMENT. *Jurnal Ekonomi Dan Bisnis Islam (Journal of Islamic Economics and Business)*, 6(1), 116. <https://doi.org/10.20473/jebis.v6i1.19736>

- Listiana, L., Alhabshi, S. M., & Osman. Zamri. (2024). ISSUES ON WAQF AND ROLES OF WAQF AUTHORITIES: EVIDENCE FROM INDONESIA AND SINGAPORE. *Hamdard Islamicus*, XLVII(1). <https://doi.org/10.57144/hi.v47i1.720>
- Lubis, S. K. (2010). *Wakaf dan Pemberdayaan Umat*. Sinar Grafika.
- Lupton, T. (1991). Organisational Change: “Top-down” or “Bottom-up” Management? *Personnel Review*, 20(3), 4–10. <https://doi.org/10.1108/EUM00000000000788>
- Medias, F., Rahman, A. A., Susamto, A. A., & Pambuko, Z. B. (2021). A systematic literature review on the socio-economic roles of waqf: evidence from organization of the Islamic cooperation (OIC) countries. *Journal of Islamic Accounting and Business Research*, 13(1), 177–193. <https://doi.org/10.1108/JIABR-01-2021-0028>
- Međugorac, V., & Schuitema, G. (2023). Why is bottom-up more acceptable than top-down? A study on collective psychological ownership and place-technology fit in the Irish Midlands. *Energy Research and Social Science*, 96. <https://doi.org/10.1016/j.erss.2022.102924>
- Melzatia, S., & Rachmaini, N. (2022). Kegagalan nazir dalam tata kelola dan akuntabilitas pada kebangkrutan pondok pesantren. *Jurnal Ilmiah Akuntansi Dan Keuangan*, 4(10). <https://journal.ikopin.ac.id/index.php/fairvalue>
- Mujahidin, Imran, M., Sapa, N., Fasiha, Aisya, S., & Trimulato. (2025). Challenges in Waqf Management and Its Implications for the Social and Economic Welfare of Muslim Communities: A Cross-Country Comparative Analysis. *Jurnal Ilmiah Mizani: Wacana Hukum, Ekonomi, Dan Keagamaan*, 12(1), 168–184. <https://doi.org/10.29300/mzn.v12i1.7690>
- Mulyana, R. (2022). Belajar dari Kasus ACT (Investigasi Majalah Tempo terbaru). *Infobanknews*. <https://infobanknews.com/pentingnya-standar-tata-kelola-lembaga-filantropi-islam/>
- Nasional Ekonomi Dan Keuangan Syariah, K. (n.d.). *Business Process Re-engineering Wakaf Uang*. <https://www.bwi.go.id/7443/2021/11/04/update-daftar->
- Noor, A. H. M., Ali, N. A. M., Abdullah, A., & Tahir, H. H. M. (2014). The Waqf Governance Framework in Malaysia. *International Conference On Development Of Social Enterprise And Social Business For Eradication Of Extreme Poverty And Street Begging, October 2015*, IIUCIC7-2014/ IC7-160. [https://www.researchgate.net/profile/Nor\\_Mohd\\_Ali2/publication/283318966\\_The\\_Waqf\\_Governance\\_Framework\\_in\\_Malaysia/links/5632f6fc08ae242468da078d.pdf](https://www.researchgate.net/profile/Nor_Mohd_Ali2/publication/283318966_The_Waqf_Governance_Framework_in_Malaysia/links/5632f6fc08ae242468da078d.pdf)
- Pahlevi, R. W. (2021). *Islamic Corporate Governance: Konsep Dasar dan Implementasi Nilai-Nilai Syariah*. UPP STIM YKPN.
- Pusparini, M. D., Sukmana, R., & Napitupulu, R. M. (2024). “What is done and what is left to be done?” An investigation of YouTube as knowledge resource for Islamic endowment funds (cash waqf) in Indonesia. *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-06-2024-0227>
- Ramli, A., Fahmi, F., Darus, F., & Abdul Rasit, Z. (2019). Performance Measurement System in the Governance of Waqf Institution: A Concept Note. *The Journal of Social Sciences Research, SPI 1*, 159–167. <https://doi.org/10.32861/jssr.spi1.159.167>
- Ramli, A., Fahmi, F., Darus, F., & Ismail, N. (2018). Primary Drivers of Sustainable Performance: The Case of Corporate Waqf. *Global Journal Al-Thaqafah, Special Issue*, 207–218. <https://doi.org/10.7187/GJATSI2018-14>

- Sano, M. A. A., & Kassim, S. (2021). Waqf governance in the Republic of Guinea: legal framework, issues, challenges and way forward. *ISRA International Journal of Islamic Finance*, 13(2), 194–210. <https://doi.org/10.1108/IJIF-03-2020-0064>
- Sohre, A., & Schubert, I. (2022). The how and what of bottom-up governance to change household energy consumption behaviour. *Energy Research and Social Science*, 89. <https://doi.org/10.1016/j.erss.2022.102570>
- Syakur, A., Yuswadi, H., Sunarko, B. S., & Wahyudi, E. (2018). Tata Kelola Wakaf dalam Meningkatkan Kesejahteraan Masyarakat di Kabupaten Jember. *Al-Ihkam: Jurnal Hukum Dan Pranata Sosial*, 13(1). <https://doi.org/10.19105/al-ihkam.v13i1.1187>
- Syamsuri, S., Lahuri, S., Bakri, W., Fatoni, A., & Wibowo, H. S. (2021). Strategy for Improving the Quality of Waqf Institutions Through Good Waqf Governance. *Al-Iktisab: Journal of Islamic Economic Law*, 5(1).
- Tanjung, H., Beik, I. S., & Ayuniyyah, Q. (2022). *Indeks Implementasi Waqf Core Principles Pada Nazhir* (F. Noor, A. Sakti, & M. Hutagalung, Eds.; 1st ed.). UIKA Press.
- Triwibowo, A., & Yulianti, R. T. (2020). Penerapan Prinsip-Prinsip Good Corporate Governance dalam Pengelola