

## Recommendations for collection and development strategy of waqf funds: A case study on waqf institutions

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### Abstract

**Purpose** – This study aims to examine phenomena related to the collection and development of waqf funds by waqf institutions and formulate recommendations regarding applicable strategies to optimize the collection and development of waqf funds based on the principles of commitment-trust theory.

**Methodology** – This study applied a case study approach with a qualitative method at 5 (five) different waqf institutions in Indonesia to further explore the phenomena related to the collection and development of waqf funds. Data was collected through semi-structured interviews.

**Findings** – The results of this study indicate that several problems, i.e. low literacy of waqf, lack of professionalism of nazhir, and low accountability of waqf institutions are still encountered by waqf institutions in collecting and developing waqf funds. In addition, the efforts made by waqf institutions have not been sufficiently qualified to foster waqif's commitment and trust to optimize the collection and development of waqf funds. Therefore, several recommendations on applicable strategies for waqf managers are formulated based on the four precursors outlined in the commitment-trust theory, namely shared values, relationship benefits, communication, and non-opportunistic behavior. These recommendations include reaffirming the values of waqf institutions, making efforts to maintain good relations with waqifs, keeping good communication with waqifs, and improving transparency of financial reports.

**Originality** – This study complements the research gap of the limited studies on the collection and development of waqf funds. In addition, previous studies on this topic did not implement the commitment-trust theory.

## Introduction

As an Islamic financial instrument, waqf is an inseparable part of the Islamic economic system. Elasrag (2017) stated that, in Islamic terms, waqf is defined as a voluntary and irrevocable gift in cash or kind, the distribution of which is carried out for specific purposes following Islamic law. One prospective form of waqf to be developed in Indonesia due to its enormous potential is cash waqf (Komite Nasional Ekonomi dan Keuangan Syariah, 2021). Apart from the fact that Indonesia's population is dominated by the Muslim community, the potential for cash waqf in this country is significant because it offers several advantages, i.e. allowing all levels of society to waqf, being relatively easy to carry out, and having unlimited capacity (Masyarakat Ekonomi Syariah, 2017). In 2020, the Indonesian Waqf Board (Badan Wakaf Indonesia; BWI) conducted a survey on 3000 respondents through the Alvara Research Center. The results show that the potential for waqf in Indonesia is estimated at IDR 10.875 trillion per month or around IDR 130

trillion per year (Badan Wakaf Indonesia, 2021). However, the potential of cash waqf in Indonesia has not been able to be realized optimally; only a small part of it can be acquired.

According to Badan Wakaf Indonesia (2021), the potential for cash waqf in Indonesia reaches IDR 180 trillion annually. However, based on data compiled by the Ministry of Religious Affairs (2018), the average amount of cash waqf realizations from 2011 to 2018 only reached IDR 31.9 billion of the waqf realization target of IDR 180 billion, or merely about 0.018% of the total waqf realization target. Meanwhile, in 2019 and 2020, the amount of cash waqf realizations began to increase to IDR 400 billion and IDR 819.36 billion, respectively, or approximately 0.22% and 0.46% of the total potential waqf. Thus, it can be concluded that until 2020, the amount of cash waqf fund in Indonesia is still much smaller than the total potential of cash waqf in this country. Several factors are causing the lack of realization of waqf funds in Indonesia. In the BWI National Coordination Meeting, the Director-General of Islamic Guidance at the Ministry of Religion, Kamaruddin Amin, said that the biggest challenge in collecting waqf funds was literacy and public trust in waqf institutions (Badan Amil Zakat Nasional, 2022). According to the survey report of Waqf Literacy Index by the Ministry of Religious Affairs and Badan Wakaf Indonesia (2020), Indonesian people's literacy on the basic understanding of waqf is still extremely low, as indicated by a score of 57.67 out of 100.

Utomo et al. (2020) also mentioned that one of the problems in collecting waqf in Indonesia is the lack of public trust caused by insufficient transparency and good governance practices in managing cash waqf. Another study by Siswantoro et al. (2018) explains that the accountability index of waqf institutions in Indonesia is relatively low, especially in terms of Sharia compliance, with an index value of 31.36%; performance, with an index value of 33.98%; and finance, with an index value of 38.39%. Such low accountability index has an impact on the low awareness of institutions to make disclosures and transparency to the public.

Another fundamental issue related to cash waqf collection in Indonesia is the management and development of the waqf fund itself. As quoted from Presiden Republik Indonesia (2021), Joko Widodo stated in the inauguration of the National Movement for Cash Waqf (GNWU) that the development of waqf funds in Indonesia so far has not been able to accommodate the uses of waqf funds in the economic field, such as poverty alleviation, infrastructure development, and reduction of social inequality in society. So far, waqf has only been used for social purposes, such as the construction of mosques and other places of worship as well as facilities for other religious activities. In addition, Hasim et al. (2016) argued that most nazhirs of cash waqf have not developed waqf funds by following applicable regulations; they prefer to carry out waqf programs through a more practical procedure where the waqif directly waqf a sum of money to be earmarked for the purchase of assets or the development of projects in the social sector, e.g. mosques, schools, and orphanages. Since most of the waqf assets in Indonesia have not been managed productively, the development of waqf funds in Indonesia is not optimal.

Several previous studies have discussed the problems of collecting and developing waqf funds in Indonesia and proposed applicable strategies to optimize the efforts. However, most of these studies merely provide general recommendations regarding waqf fund management strategies in Indonesia. One of these studies was done by Fauziah and Hidayati (2021) who investigated BWI on waqf fund collection activities at BWI and found that there are supporting and inhibiting factors in collecting waqf funds at BWI. The supporting factor is the existence of 22 Islamic banks acting as Islamic Financial Institutions – Recipients of Cash Waqf (LKS-PWU) experienced in managing cash waqf funds. Meanwhile, the inhibiting factor is the lack of socialization related to cash waqf instruments to the public. Another study by Purnamasari et al. (2021) examined the factors that influence public interest in cash waqf in Indonesia by applying the Structural Equating Model (SEM) approach. The results indicate that promotion, trust in waqf institutions, waqf programs, and public knowledge are closely related to public interest in cash waqf. Therefore, efforts to improve these aspects to increase waqf fund collection need to be made. In addition, Asmara and Abubakar (2019) conducted a juridical study related to the optimization of the function of Islamic financial institutions in enhancing the realization of waqf fund collection in Indonesia. The results of their study show that the optimization of the

functions of Islamic financial institutions such as Islamic banks can be a great solution for more optimal realization of waqf funds in Indonesia.

A number of prior studies have also been conducted on the development of waqf funds in Indonesia. Nashihah (2019) carried out a literature study to analyze the management and development of waqf funds in Indonesia and revealed that there are numerous problems in developing waqf funds in Indonesia, such as the lack of public understanding of waqf and the scarcity of synergy between waqf institutions and the government. Another study by Rusydiana (2019) applying the Interpretive Structural Modelling (ISM) method found that the core problems of developing cash waqf in Indonesia include four aspects, namely systems, products, regulations, and information technology. In this regards, transparency and accountability of waqf institutions, improvement of nazhir's quality, and more innovative waqf marketing strategies are highly needed. In their study, Laallam et al. (2020) highlighted the importance of intellectual capital in overcoming various issues and challenges in current waqf management which include weak legal protection, low awareness of waqf in the community, and the amount of corruption that occurs in waqf institutions. Therefore, this present study proposes recommendations to strengthen the competence of human resources and invest in technology and infrastructure as well as in large projects that will further expand the benefits of waqf.

As mentioned previously, prior studies on the collection and development of waqf funds in Indonesia and other countries mostly focused on identifying the influencing factors and recommending general strategies that can be applied in the management and development of waqf funds. In addition, studies that examined the collection and development of waqf funds by adopting certain theories are still relatively limited in Indonesia.

This present study applied different approaches. First of all, the collection and development of waqf funds by waqf institutions that became the research objects were specifically identified and evaluated. Then, several recommendations for the strategies in optimizing the collection and development of waqf funds by adopting the precursors of the commitment-trust theory were compiled to be proposed to the institutions.

This study observed several nazhirs, who are assigned as both collectors and managers of cash waqf, from 5 (five) different institutions to obtain a comprehensive comparison and understanding of the problems and challenges faced by waqf institutions in collecting and developing waqf funds. The results of preliminary interviews conducted in September 2021 with the head of waqf division in each institution find that the collection and development of cash waqf funds in each waqf institution are constrained by various factors, including the lack of public literacy, limited socialization, and low quality and quantity of human resources. Therefore, further evaluation regarding these challenges was carried out and recommendations on applicable strategies were proposed so that the collection and development of waqf funds at the observed waqf institutions can be more optimal and achieve a wider area of benefits, particularly for Muslims in Indonesia. The recommended strategies are compiled based on the commitment-trust theory which states that commitment and trust are the most important pillars in building a successful reciprocal relationship between marketers and consumers. Hasan and Siraj (2017) argued that the relationship between marketers and consumers can be analogous to that of waqf institutions and stakeholders or donors (waqifs). Thus, the commitment-trust theory is relevant to be applied, considering that the root of problems in the collection and development of waqf funds is due to the lack of public trust in waqf institutions.

In more detail, this study identified the phenomenon of the collection and development of waqf funds by waqf institutions, identified and analyzed the efforts made by the institutions in fostering the commitment and trust of the waqifs, and proposed strategies to be applied by the institutions in carrying out waqf fund development activities following the principles of the commitment-trust theory. This study is expected to provide solutions to the problems in the collection and development of waqf funds in forms of strategies that can be applied in managing waqf funds based on the principles in commitment-trust theory. Besides, it also contributes to the literature in this field of study since the previous studies that had an in-depth discussion on this research topic were still relatively limited.

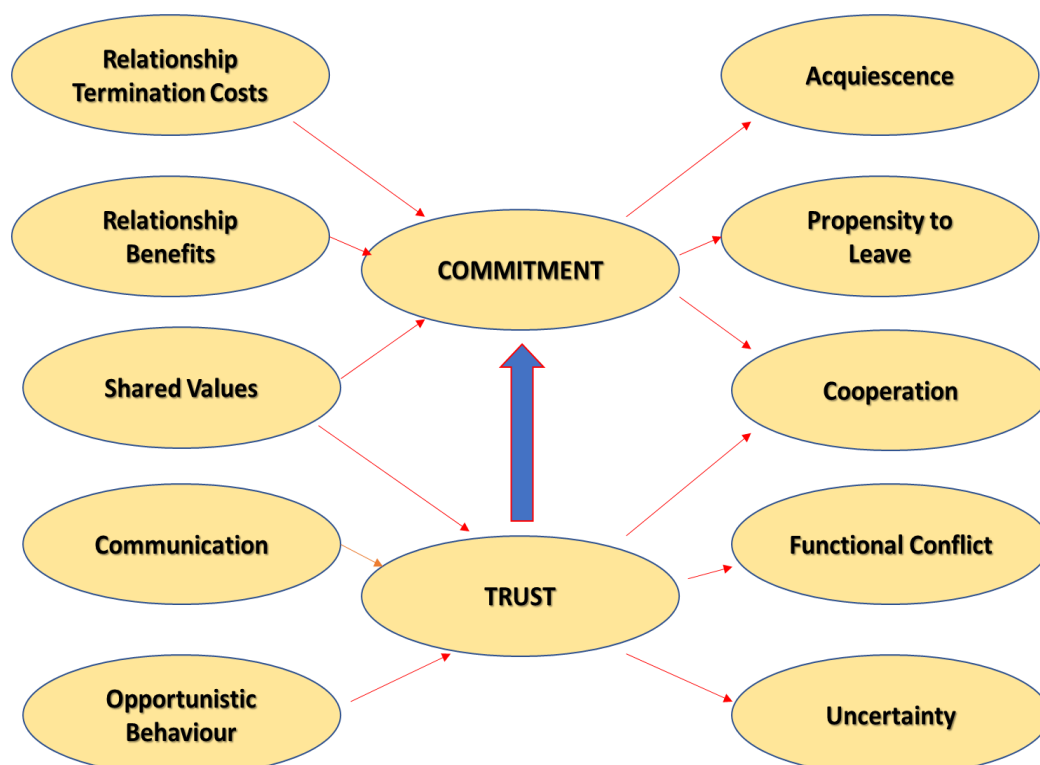
## Literature Review

### Commitment-Trust Theory

Commitment-trust theory discusses the connection between commitment and trust in building a good marketing relationship between marketers and consumers. This theory was first proposed by Morgan and Hunt (1994), and later applied in a study by Mukherjee and Nath (2007) on the roles of commitment and trust in online sales. In its development, this theory has also been used in several empirical studies related to the relationship between charities and donors, such as studies by MacMillan et al. (2005) and by Sargeant and Woodliffe (2007).

As stated previously, the commitment-trust theory declares that commitment and trust are the most important pillars in building success in a reciprocal relationship between marketers and consumers. This is because trust and commitment in a marketing relationship will encourage marketers to always act in the interests of their consumers and focus on long-term benefits rather than short-term, temporary gains (Morgan & Hunt, 1994).

In their theory, Morgan and Hunt (1994) proposed 5 (five) precursors (forming factors) which are considered to affect trust and commitment, namely: termination costs and relationship benefits that directly affect commitment, shared values that influence both commitment and trust, and communications as well as non-opportunistic behaviors that have a direct effect on trust and indirect effect on commitment. These five precursors can produce outcomes in the form of acquiescence and prospect to leave, cooperation, increased functional conflict (which can then prevent stagnation in an organization), and reduced decision-making uncertainty, leading to trust which will then turn to a commitment from partners to build long-term relationships. However, a study by Mukherjee and Nath (2007) found that termination costs have a negative relationship with consumers' commitment and trust. This is because termination costs are considered not substantial enough to affect consumers' commitment to marketers, particularly the insignificant termination costs for online sales. For this reason, this present study only adopted four precursors, i.e. the relationship benefits, shared values, communication, and non-opportunistic behaviors. Figure 1 presents The Morgan and Hunt Trust and Commitment Model of Relationship Marketing (Money et al., 2008).



**Figure 1.** The Morgan and Hunt Trust and Commitment Model of Relationship Marketing (Money, et al. 2008)

The reciprocal relationship between marketers and consumers in this commitment-trust theory is also applicable for the relationship between waqf institutions and waqifs, as discussed in a study by Hasan et al. (2017) who argued that this theory is relevant to be applied in the relationship of trust between stakeholders or waqifs and waqf institutions. This is because the improvement of nadzirs' commitment as the distributors of waqf funds by increasing the trust of waqifs is currently needed by waqf institutions. In addition, this theory can also be used to grow waqifs' trust by strengthening the factors that foster commitment and trust as contained in the commitment-trust theory.

The concept of commitment-trust theory indicates that when one party has confidence in the reliability and integrity of the other party, trust and commitment will emerge from both parties. Morgan and Hunt (1994) stated that commitment and trust are the main variables for a successful and profitable relationship for both parties. Thus, a strong level of trust and commitment will lead to a long-term affiliate relationship (Hanaysha & Hilman, 2015). The commitment-trust theory is therefore applicable to overcome the lack of public trust which remains the major obstacle in the collection and development of waqf funds in Indonesia. One of the root causes for the insufficient waqf fund realization in Indonesia is the weak public trust in the management and development of waqf funds by waqf institutions due to the lack of transparency in the management of waqf funds. Thus, the values and concepts of commitment-trust theory are expected to be references in overcoming the problem of collecting waqf funds in Indonesia.

### **Previous Studies**

The activity of collecting or raising waqf funds is the initial stage in the process of managing waqf funds. Shulthoni et al. (2018) mentioned that this activity is the basis for the sustainability of waqf. Until present, the collection of waqf funds in Indonesia and several other countries still becomes an aspect of concern due to the huge gaps between the waqf potential and the amount of collected waqf funds. A number of previous studies have been conducted to discuss this matter.

Regarding the collection of waqf fund in Indonesia, a study was done by Fauziah and Hidayati (2021) on the waqf fund collection activities by BWI. They found the supporting and inhibiting factors in collecting waqf funds at BWI, with the supporting factor being the existence of 22 Islamic banks acting as Islamic Financial Institutions – Recipients of Cash Waqf (LKS-PWU) that are experienced in managing cash waqf funds and the inhibiting factor being the lack of socialization related to cash waqf instruments to the public. Another study by Purnamasari et al. (2021) examined the factors that influence public interest in cash waqf in Indonesia by applying the Structural Equating Model (SEM) approach. The results indicate that promotion, trust in waqf institutions, waqf programs, and public knowledge are closely related to public interest in cash waqf. Therefore, some efforts need to be made to improve these aspects so as to increase the amount of collected waqf funds. In addition, Asmara and Abubakar (2019) stated in their study that optimizing the function of Islamic financial institutions such as Islamic banks can be a great solution for more optimal realization of waqf funds in Indonesia.

Meanwhile, other prior studies have been carried out on the development of waqf funds in Indonesia. First, Nashihah (2019) analyzed the management and development of waqf funds in Indonesia and revealed that there are several problems in developing waqf funds in Indonesia, such as the lack of public understanding of waqf and the scarcity of synergy between waqf institutions and the government. Then, Rusydiana (2019) who applied the Interpretive Structural Modeling (ISM) method stated that the core problems of developing cash waqf in Indonesia include four aspects, namely systems, products, regulations, and information technology. In this regards, transparency and accountability of waqf institutions, improvement of nazhir's quality, and more innovative waqf marketing strategies are highly needed.

A research by Sano and Kassim (2021) on the issues and challenges in waqf governance in the Republic of Guinea found that some of the challenges include the absence of adequate laws governing how waqf should be managed, the absence of a dedicated and independent waqf

managers and administrators, and the absence of adequate legal channels in the event of a dispute or problem in the management of waqf funds. A similar study was also done by Bakar et al. (2019) who used a SWOT analysis to examine waqf management in Brunei Darussalam. The results of the study conclude that Brunei Darussalam has enormous strengths and opportunities in collecting waqf funds, considering that it is a country where the majority of its population is Muslim. However, the management and development of waqf in Brunei Darussalam still faces various weaknesses and threats, i.e. a lack of awareness and understanding of waqf, limited resources, and extremely minimal development of waqf funds.

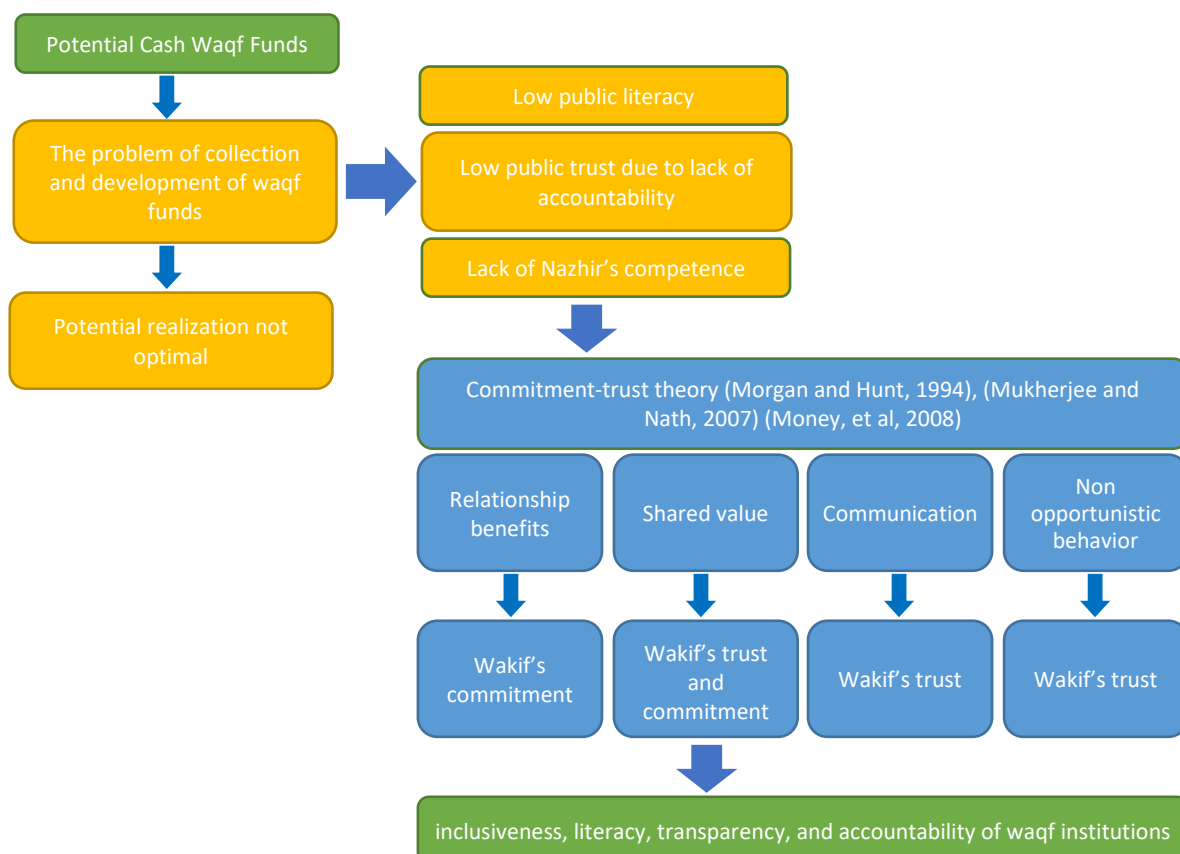
In another prior study, Laallam et al. (2020) highlighted the importance of intellectual capital in overcoming various issues and challenges in the current management of waqf which include weak legal protection, low awareness of waqf in the community, and the amount of corruption that occurs in waqf institutions. Therefore, this present study proposes recommendations to strengthen the competence of human resources and invest in technology and infrastructure as well as in large projects that will further expand the benefits of waqf.

As mentioned previously, prior studies on the collection and development of waqf funds in Indonesia and other countries mostly focused on identifying the influencing factors and recommending general strategies that can be applied in the management and development of waqf funds. In addition, studies that examined the collection and development of waqf funds by adopting certain theories are still relatively limited in Indonesia.

This present study applied different approaches. First of all, the collection and development of waqf funds by waqf institutions that became the research objects were specifically identified and evaluated. Then, several recommendations for the strategies in optimizing the collection and development of waqf funds by adopting the precursors of the commitment-trust theory were compiled to be proposed to the institutions.

## Conceptual and Theoretical Framework

The theoretical framework used in this study is presented in the following figure:



**Figure 2.** Theoretical Framework

Figure 2 displays the issues on the realization of the waqf potential that has not been optimal, which are related to the problems of collecting and developing waqf funds. The inhibiting factors for the collection of waqf funds include low public literacy, low public trust in the accountability of waqf institutions, and nazhirs' competence that has not been maximized.

Therefore, recommendations on the strategies to collect and develop waqf funds are highly needed. These strategies can be compiled based on the commitment-trust theory which emphasizes the importance of commitment and trust of both parties who have a reciprocal relationship (Morgan and Hunt, 1994). This study adopted the commitment and trust forming factors by MacMillan et al. (2005) which are considered relevant for uses in non-profit institutions, namely relationship benefits, shared values, communication, and non-opportunistic behavior. Based on the existing concepts in the theory, strategies were therefore proposed regarding the collection and development of waqf funds. For waqf institutions, these strategies are related to the improvement of inclusivity, literacy, transparency, and accountability of waqf institutions.

## **Research Methods**

### **Research Strategy**

This study applied a case study approach to examine the collection and development of waqf funds by the observed waqf institutions. The analysis requires complete and thorough investigation. Therefore, the case study approach is extremely appropriate to be used in this study.

### **Research Approach**

A qualitative method was also used in this study to understand the system of collecting and developing waqf funds applied by waqf institutions, which was described in the form of descriptive analysis. This study was carried out by collecting data related to the research objectives, analyzing the collected data, and then summarizing the results of the analysis in the form of descriptive analysis. In this study, the collected data and information were related to the process of collecting and developing waqf funds by the observed waqf institutions by conducting interviews, whose questions were proposed in accordance to the concepts of commitment-trust theory.

### **Data Collection and Research Instruments**

This study analyzed the primary data obtained directly from semi-structured interviews, which were done by asking questions prepared in advance in the draft or interview guidelines but did not rule out the possibility to be developed during the interview process (Moleong, 2017).

The semi-structured interview method was chosen because it is a versatile and flexible data collection method (Kallio et al, 2016) and combinable with individual and group interview methods (DiCicco-Bloom & Crabtree, 2006). This method was expected to provide assistance in exploring information regarding the collection and development of waqf funds by the observed waqf institutions.

Interviews were conducted with respondents who are responsible for collecting and developing waqf funds at the institutions, namely the head or manager of the waqf division at the five waqf institutions observed in this study. These respondents were considered to be directly related to the management and development of waqf funds in the institutions and understand in detail how waqf funds are managed to produce the expected output. The interview material covered the process of collecting and developing waqf funds at the institutions and was compiled according to the research objective, which is to provide recommendations regarding the strategies on the collection and development of waqf funds by the waqf institutions.

### **Data analysis**

There are 2 (two) data analysis techniques applied in this study, namely content analysis and thematic analysis. The collected data were analyzed by utilizing the NVivo 12 Pro software to

increase the accuracy of the findings and reduce bias and subjectivity that may occur during the data analysis process.

### 1. Content Analysis

According to Cavanagh (1997), content analysis is a flexible analytical instrument used to analyze data in the form of text, such as the transcripts of interviews. Furthermore, Erlingsson and Brysiewicz (2017) stated that the purpose of content analysis is to systematically transform large amounts of text into a concise and organized core summary, which becomes the advantage of this method. Content analysis can facilitate researchers in organizing large textual data to be used to strengthen the findings (Elo & Kyngäs, 2008).

In this study, the content analysis was conducted by applying several components of content analysis as proposed by Krippendorff (2004), i.e. unitizing, sampling, recording/coding, reducing, and narrating.

### 2. Thematic Analysis

In this study, the NVivo 12 Pro software was used as a tool to perform the thematic analysis to identify the themes promoted by each respondent during the interview process. The thematic analysis was carried out by following 4 (four) stages:

- a) As an initiation, data on the transcripts of interviews that have previously been translated into English was run using at the auto code menu.
- b) The data on the initial interview transcripts in Indonesian was run by applying the manual menu code to determine the existing themes (identifying themes).
- c) From the data, several nodes (themes) and child nodes (subthemes) were obtained, generated by both auto code and manual code according to the interview transcripts in both Indonesian and in English.
- d) Triangulation was then carried out to confirm and complement the nodes and child nodes generated from the auto and manual codes as well as to reduce irrelevant nodes and child nodes. After being reduced, the data was then presented by analyzing and interpreting the themes and sub-themes promoted by the respondents. Finally, the results of the analysis and interpretation were concluded.

### Unit of Analysis

This study performed multiple embedded analyses where the unit of analysis was the five waqf institutions in Indonesia that collect waqf funds using either cash waqf or cash waqf patterns. The selection of the five institutions as samples was based on the differences in the patterns used by each of them in collecting waqf funds, in the forms of legal entities, and in the locations and targets for the collection and development of waqf funds.

## Results and Discussion

### The Phenomenon of Collection and Development of Waqf Funds at Waqf Management Institutions

After running it on the NVivo 12 Pro word frequency menu, the data was then reduced to derive relevant words regarding the answers to the research questions, thus obtaining 10 most-frequently spoken words by the interviewees. Data reduction was done by reducing words that are unrelated to the research questions or the theory used in this study, including conjunctions such as 'and', 'or', and so on.

Figure 3 shows 10 (ten) frequently spoken words that became the main concerns of the interviewees, with the word displayed with the largest font size being the most-frequently spoken word. Based on the results of data processing using word frequency menu, the most frequently spoken words were related to the collection and development of waqf funds by the waqf institutions, i.e. socialization, training, education, trust, literacy, pandemic, reporting, supervision, professional, and competence.





Figure 3. Content Analysis-Word Frequencies

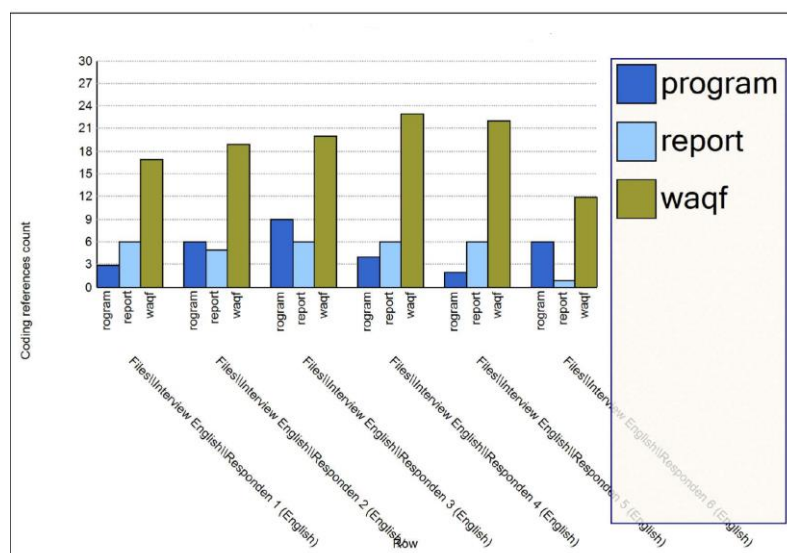


Figure 4. Thematic Analysis

The results of the thematic analysis by applying the auto code menu on NVivo 12 Pro show 3 (three) main themes related to the collection and development of waqf funds by the waqf institutions, namely: (1) “waqf”, which was then divided into two sub-themes, i.e. the low literacy of waqf and waqf accounting; (2) “program”, which consisted of the waqf program sub-theme; and (3) “report”, which had two sub-themes, i.e. financial reports and progress reports.

In addition to identifying themes, the auto code menu on NVivo 12 Pro was also operated to analyze the tendency of each respondent to a certain theme as presented in Figure 4. The results of both content analysis and thematic analysis reveal that several major factors remain as the obstacles for waqf institutions in collecting and developing waqf funds optimally. Tabel 1 is the summary of the findings using various analytical methods related to the inhibiting factors for the collection and development of waqf funds by waqf institutions.

From these findings, it can be seen that the inhibiting factors in the management and development of waqf funds are incredibly complex and not only come from external parties but also from the internal of the institutions. Several problems that need to be addressed related to waqf include the quality of human resources who act as nazhirs, the accountability and transparency of waqf institutions, the waqf fund distribution programs that accommodate the development of waqf funds so that the waqf funds are not only distributed but also improved. In addition, efforts to increase public literacy on waqf, especially cash waqf, still need to be made.

**Table 1.** Obstacles Faced by Waqf Management Institutions

Data Analysis	Obstacles
Content Analysis	<ol style="list-style-type: none"> <li>1. The lack of socialization and education activities to the community then results in low public literacy related to waqf</li> <li>2. Lack of training received by nazhir that it affects the lack of competence and professionalism of nazhir in managing and developing waqf funds</li> <li>3. The Covid-19 pandemic has limited various operational activities of the institution, especially waqf fund collection activities</li> <li>4. Accountability and accountability of waqf management institutions related to the management and development of waqf funds are still very limited and not yet qualified so that it affects public trust</li> </ol>
Thematic Analysis	<ol style="list-style-type: none"> <li>1. Low literacy and public knowledge related to waqf</li> <li>2. Reporting and accountability of waqf funds are still limited and not well-publicized</li> <li>3. The development program for waqf funds is still very limited and tends to be distributed directly without being developed first</li> <li>4. Waqf management institutions which are only limited to providing reports related to the development of waqf fund distribution rather than detailed and accountable financial reports</li> </ol>

With the existence of various inhibiting factors identified above, it is not surprising that the realization of waqf fund collection in Indonesia is still far from reaching the potential of waqf and that its utilization has not been felt in many productive sectors. Synchronization and cooperation from various parties, namely the waqf institution itself, the government, and the community, are therefore necessary to overcome the problems in the collection and development of waqf funds. Waqf institutions must consciously make improvements to their institutions, starting from the HR recruitment process to the designation of waqf fund development programs for the productive sectors that bring benefits to the community. The government needs to make several binding regulations, particularly regarding the transparency and accountability of waqf institutions, in order to maintain the trust and commitment of the community to continue waqf. Meanwhile, the community must also consciously understand the quintessence and benefits of waqf so that the realization of waqf fund collection can be optimized according to its potential, and the utilization and development of waqf funds in productive sectors will be more pronounced as well.

### **Efforts Made by Waqf Management Institutions in Fostering Waqif Commitment and Trust**

Waqf is one of the potential sources of Islamic funds that are important to be developed, utilized, and managed professionally to obtain optimal results (Hadi, 2018). Based on commitment-trust theory proposed by Morgan and Hunt (1994), commitment and trust are the most essential pillars in building success in a reciprocal relationship between marketers and consumers. This theory is applicable to the relationship between the waqifs and the waqf institutions (represented by nazhirs). Being responsible for the collection and development of waqf funds, nazhirs and waqf institutions must gain the trust of the community, which in this case are the waqifs. This is important to foster the willingness of waqifs to channel their funds voluntarily to waqf institutions and to raise their commitment to continue to channel their funds. Therefore, the waqf fund realization target will be more easily achieved and the development of waqf funds will be much more optimal.

Trust and commitment are certainly not easy to obtain; it takes enormous and continuous efforts to gain people's trust and commitment to channel their funds voluntarily to an institution. Based on the interviews, the observed waqf institutions have made various efforts in gaining public trust in distributing their waqf funds, as shown in the table 2.

**Table 2.** Efforts Made by Waqf Management Institutions

Respondent	Efforts Made
Respondent 2	<ul style="list-style-type: none"> <li>• Demonstrate the benefits of waqf</li> <li>• Maintain a good relationship with the wakif</li> </ul>
Respondent 3	<ul style="list-style-type: none"> <li>• Involving waqif directly in waqf fund management activities</li> </ul>
Respondent 4	<ul style="list-style-type: none"> <li>• Lembaga</li> <li>• Involving wakif directly in waqf fund management activities and institutional activities</li> </ul>
Respondent 5	<ul style="list-style-type: none"> <li>• Provide and show tangible waqf results to wakif</li> <li>• Choosing a competent nazhir</li> </ul>
Respondent 6	<ul style="list-style-type: none"> <li>• Build close relationships with the surrounding community</li> </ul>

Waqf institutions have also attempted to build the commitment of waqifs to then attract public interest in waqf, by maintaining good relations with waqifs, involving waqifs in various institutional activities especially those related to the collection and development of waqf funds, and reporting the distribution of waqf funds to the waqifs or the community so that the benefits of waqf can be directly felt. However, these ongoing efforts made by the waqf institutions are still insufficient, considering the numerous inhibiting factors in the collection and development of waqf funds. Thus, more efforts are still necessary to make in fostering public trust and commitment in waqf

### **Strategic Recommendations that can be Provided to Waqf Management Institutions based on Commitment-Trust Theory**

Based on the findings in this study, it is known that there are still various problems and challenges in the process of collecting and developing waqf funds by waqf institutions to achieve the optimal realization of waqf fund collection. As stated by Sargeant and Woodliffe (2007), trust in charitable institutions can lead donors to their commitment and loyalty to these institutions. The same principle applies to the relationship between waqf institutions and their waqifs. This is in line with a study by Kassim et al. (2019) which stated that trust is one of the internal factors that can influence the desire of waqifs (donors) to continuously donate their money to waqf institutions. Therefore, waqf institutions need to make various efforts to foster public trust which can then create a commitment from waqifs to continue to channel their funds to the institutions.

**Table 3.** Strategy Recommendation for Waqf Management Institutions

Precursor's commitment-trust theory	Strategy Recommendations
Shared value	Reaffirming the values of the institution that are different from other institutions and communicating these values to the community so that people feel they have the same values to be achieved and are interested in waqf.
Relationship benefits	Make efforts to maintain good relations with wakif and create mutually beneficial relationships between waqf management institutions and wakifs to foster a sense of trust that these institutions manage their waqf funds properly.
Communication	Maintain communication with wakif outside the context of collecting waqf funds so that good communication can continue. In addition, the institution is also obliged to communicate properly and completely matters relating to the collection and development of waqf funds.
Non-opportunistic behavior	Transparently reporting in full and following financial statements that describe the financial position of the institution in full, not just reports on receipts and disbursements of funds so that the public can know for sure the posts for distributing waqf funds and there is no fraud in them.

However, there has been no major and effective effort made by waqf institutions in fostering such trust and commitment. This can be seen from the various problems and challenges that have not been resolved properly, especially those concerning the transparency and accountability of the institutions.

Since the ongoing efforts are considered not yet able to make waqifs trust and commit to the waqf institutions, several recommendations on the applicable strategies for waqf institutions in growing the commitment and trust of their waqifs were formulated in accordance to the four precursors of the commitment-trust theory promoted by Morgan and Hunt (1994).

Four adoptable precursors from the commitment-trust theory are relationship benefits, shared values, communication, and non-opportunistic behavior, which can directly or indirectly make consumers trust and commit to their marketers. Thus, they are expected to be able to have an effect on fostering wakif's trust and commitment to waqf institutions. Table 3 is strategies recommended to waqf institutions based on the implementation of the commitment-trust theory.

With the implementation of the recommendations above, waqf institutions in Indonesia, especially those that are the research objects in this study, are expected to be able to collect and develop waqf funds more optimally.

## Conclusion

The results of the content analysis and thematic analysis show that there are several factors that become the main obstacles for waqf institutions in collecting and developing waqf funds, including: (1) lack of socialization and education on waqf, resulting in low public literacy; (2) nazhir's lack of professionalism in managing and developing waqf funds; (3) Covid-19 pandemic; (4) accountability and responsibility of waqf institutions, which are still extremely limited and have not been socialized properly, thus affecting public trust; (5) limited waqf fund development program; and (6) insufficient publication of waqf institution reports, which are still limited to progress reports and have not included the publication of detailed and accountable financial statements.

This study applies 4 (four) precursors of the commitment-trust theory to formulate strategies recommended to waqf institutions to gain trust and commitment from waqif (waqf funders). These recommendations include (1) reaffirming institutional values that are different from other institutions and communicating them to the society so that people will feel that they share the same values and become interested in waqf; (2) maintaining the best relations with waqif; (3) offering mutual benefits between waqf institutions and waqif to assure that the institutions manage waqf funds properly; and (5) keeping good communication with waqif outside the context of collecting waqf funds. In addition, waqf institutions are also obliged to communicate properly and completely on matters relating to the collection and development of waqf funds. Financial statements that describe the financial position of the institutions must also be reported in a transparent and complete manner, not only on the receipt and disbursement of funds, so that the public can be fully aware of the waqf fund distribution posts and there is no fraud in them.

The limitation of this research is related to the data collection instrument. In this study, researchers only used interview instruments, especially semi-structured interviews in collecting data. Researchers did not use another instrument to obtain more comprehensive information related to the collection and development of waqf funds in waqf institutions. In addition, the object of research is still limited to five waqf management institutions in several provinces in Indonesia, not including all waqf institutions in Indonesia. For further research, it is expected to collect more diverse data to obtain more comprehensive information related to the phenomenon of collecting and developing waqf funds. Further researchers can make direct observations of the phenomena that occur in waqf institutions and can use the questionnaire to obtain data with a wider scope of research objects.

## Author Contributions

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