

# The Online Accountability of Small Cash Waqf (Endowment) Institutions in Indonesia

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Abstract: The objective of this paper is to analyze the online accountability of small cash endowments in Indonesia. It is an interesting issue that small institutions must be accountable like large organizations. The number of registered cash endowment institutions in Indonesia has increased to 192 until the mid of 2018 but this must be supported by a good accountability. The research employs a case-study approach based on some small cash endowment institutions in Indonesia. There are three out of ten institutions from the initial proposal. Data is collected by an in-depth discussion on the specific topic on accountability. The findings show that low accountability may result from the low economic scale of an endowment fund to support the accountability besides limited resources. These institutions must utilize economic tools to boost accountability.

## 1 INTRODUCTION

Accountability is the most important aspect in a public sector organization. This institution uses public fund from society and they must be responsible for the usage of the fund. The public sector includes government institutions and not-for-profit organizations (NPO). In the case of NPO, they should be more accountable as they rely on public fund or society for their programs. If they fail or ignore to uphold the accountability, the society would not trust and stop giving a donation to this institution.

In Indonesia, most waqf institutions unwittingly may ignore accountability due to the lack of resources. However, as the parts of zakat institution or organization and Islamic financial institution like Islamic cooperative, they have to promote accountability aspects to the stakeholders, which is the society. Social media can be an effective tool to promote this effort. However, only people who are keen on social media can utilize it consistently, aggressively, and persistently.

The use of a website can be an effective and efficient way for accountability dissemination to the public (Gandia, 2011; Saxton & Guo, 2011 and Tremblay-Boire & Prakash, 2014). In this case, the waqf institution, which is a part of a larger organization, can also support and supply related

accountability information on waqf activities. Research on accountability index of the non-profit organization has been conducted by Dumont (2013) in Illinois. This index may be of much benefit to the measurement of accountability level of the institution.

The objective of this paper is to analyze the online accountability of small cash endowments in Indonesia. Online accountability is obligatory as they can reach all aspects of the stakeholder even in a far distance. The paper starts from the introduction. Coming after that are the literature review on the online accountability, the research method, issue analysis, and the conclusion.

## 2 LITERATURE REVIEW

Research on the accountability of cash waqf institutions in Indonesia has been conducted by Siswantoro et al. (2018). They found that majority of cash waqf institutions in Indonesia are low in accountability index. The lowest accountability theme is Islamic aspect (31.36%), performance (33.98%) and finance (38.39%). This condition has resulted from unawareness of institutions to meet these themes and to disclose it to the public. In the finance theme, information and management note on shariah board activity is not achieved, due to the lack

of supporting information. Then in the performance theme, good governance information is not achieved as no data is available for this. Meanwhile, the Islamic aspect theme, Shariah compliance is not achieved either as the institutions assume that it is not necessary to publish Islamic compliance to the society.

The utilization of website for accountability can be an effective way to improve and to spread information accountability to the public. The purpose of a website is to spread the information and interactive communication between the institution and the public in order that it can give benefits to the institution as well (Saxton & Guo 2011; Gandia, 2011; Tremblay-Boire & Prakash, 2014). Rodriguez et al. (2011) found the older the organization, the more positive the correlation to the transparency capability. The experience of accountability is also an important factor to the transparent quality.

Table 1: Accountability Index Theme

Theme	Weight (%)
<b>Finance</b>	
Audited financial statements	10.56
Expenditure information based on category	7.00
List of donors	3.90
Composition and management structure	3.35
Activity and shariah board information	2.50
Management note	2.69
<b>Performance</b>	
Income on investment (net income/average total asset)	5.99
Suggestions from beneficiaries	3.31
Program effectiveness and effects of evaluation	5.73
Employee competence upgrading program	3.25
Employee code of ethics and regulations	2.26
Good governance information	2.55
Performance indicators	2.42
<b>Public</b>	
Benefits of the waqf for beneficiaries information	5.25
Information on the percentage of funds used for social empowerment	4.05
Environment report	2.08
Response to suggestions	2.38
Program description and activity	3.75
<b>Engagement</b>	

Contact access and availability	4.76
Waqf online participation	3.05
Updates and organizational news	3.35
FAQ	2.09
<b>Islamic aspect</b>	
Shariah compliance	8.00
Regulation compliance	5.75
Total	100.00

Source: Siswanto et al. (2018)

Dumont (2013) proposed an accountability index which measures the level of online accountability. Some aspects to be measured are accessibility, interactive website, performance, governance, and organization profile. However, each aspect may not be fitted to different organization types.

Siswanto et al. (2018) have proposed how to measure accountability index for cash waqf institution (see table 1). It consists of five themes. They are (a) finance (b) performance (c) public (d) engagement and (e) Islamic aspect. They also apply this measurement to large cash waqf institutions in Indonesia. It uses the online approach as cash waqf institutions adopt social media to publish and to disseminate the accountability themes to the public. The fact is that the large cash waqf institutions in Indonesia have low accountability index. This may result from the unawareness of disclosing the accountability themes to the public.

### 3 RESEARCH METHOD

The research employed a qualitative method with an in-depth interview. The research objects are three cash waqf institutions around Depok city, West Java Indonesia. The selected objects are the final target after some programs proposed to them.

Initially, ten institutions of cash waqf endowment were invited to attend the socialization program of accountability index for cash waqf organization. Later, only five institutions confirmed to participate in the program. Only two institutions attended the socialization and others failed to attend. Eventually, three institutions were in the final objects for an in-depth interview (see table 2).

Table 2: Object research filter

Description	Amount
Invitation to join the accountability socialization	10

No response	(5)
Come to the socialization program	2
Final object	3

Source: Data

The themes and aspects of accountability proposed by Siswanto et al. (2018) can be guidance for the in-depth interview. It begins with asking about each theme and aspect in the accountability index. It also asked and how the institution supplies the information of related issues.

#### 4 ANALYSIS

The analysis is based on the comparative responses for the accountability index. It comprises:

a. Finance

In finance theme, most cash institutions do not fulfill each indicator aspect. Therefore, the question would be focused on how they would prepare each aspect. The financial system of cash waqf institutions is still a part of zakat (tithe) institution. Zakat institutions were initially established as not-for-profit organizations that collect zakat and charity from Muslims. When they turn into larger institutions, they practice like waqf institutions that provide financing to customers. As zakat and waqf have different characteristics, most zakat institutions separate this scheme. Only institution A separated the waqf financial system from other institution. Institution B was established in 2014, institution A was in 2015 and institution C in 2018. Institution C was not aware that they have been registered to the government as a cash waqf institution.

Although institution A was only established in 2015, they have already had a good financial system and report. Therefore, it is not difficult to have a similar treatment for cash waqf institutions. Such was not the case for institution B. Although it was established in 2014, they have not had any representative website or social media to inform the accountability theme of finance aspects. In fact, their target is the member of the cooperative. Accordingly, they do not aggressively promote cash waqf to the society (see table 3). Institution C would like to develop the financial system and prepare the website to inform important issues.

Table 3: Finance Theme

Aspect	Institution A	Institution B	Institution C
Financial system	Separated	Enhanced, separate report	Being developed
Website	Developed	Enhanced	Being prepared
Target	n.a	Member	n.a

Source: Data

b. Performance

Concerning the performance theme, institution A already has developed some programs for cash waqf. They divided them into two programs. They are productive and social waqf. The productive waqf is delivered to profitable projects. The earned profit is given to beneficiaries. Meanwhile, social waqf is delivered to schools, hospitals, and mosques. They coordinated further program development with other institutions. Meanwhile, institution B focuses on financing programs for their cash waqf. This scheme earns a profitable profit. Nevertheless, the amount of cash waqf is small. This can be another issue of efficiency (see table 4).

Table 4: Performance Theme

Aspect	Institution A	Institution B	Institution C
Program	Developed	Working capital	n.a

Source: Data

c. Public

Institution A concerns with receiving inputs from society. This may be a good strategy for the cash waqf institution to develop their programs. Meanwhile, institution B only focuses on their members as they have limited resources to involve the society (see table 5).

Table 5: Public Theme

Aspect	Institution A	Institution B	Institution C
Input	Concern	Focus on member	n.a
Society	Involve	Member	n.a

Source: Data

d. Engagement

In the engagement theme, only institution A actively socialized the cash waqf program to the society. They utilized Whatsapp to promote the programs. The weakness of this scheme is that rather than

transferring the information to the public, it only reaches the registered members. Such is also the case for institution B. They utilized Whatsapp to inform their members (see table 6).

Table 6: Engagement Theme

Aspect	Institution A	Institution B	Institution C
Socialization	Active	n.a	n.a
Information	By WA	By WA	n.a
Learning	Phase	n.a	n.a

Source: Data

e. Islamic aspect

For Islamic aspect theme, only institution A has ensured compliance with Islamic aspect and disclosed the financial report. Institution B planned to comply with for Islamic aspect (see table 7).

Table 7: Islamic Aspect Theme

Aspect	Institution A	Institution B	Institution C
Islamic compliance	Check and disclose	Plan	n.a

Source: Data

The problems faced by the aforementioned institutions above are that they do not have sufficient cash waqf funds to support the operational expenses. This has resulted in the failure to hire resources for promoting accountability themes. The best solution is that they are still allowed to be parts of larger parent institutions to support activities.

To see the accountability score, the indicator of accountability was assessed. Only institution A is feasible to be assessed as they have online accountability basis. The score is 39.75, which was lower than the finding of the research conducted by Dodik et al. (2018) (see table 8). The institution should focus on disclosing information in the related themes.

The achievement of each theme ranks as follows. In descending percentage, engagement ranks first (84.2%), followed by the public at the second rank (51.3%). Islamic aspect ranks third (41.8%) and performance ranks fourth (35.4%). Finance ranks the lowest with the percentage of 34.5%. Finance theme is the most important issue of which that the institution must be aware. An audited financial statement is obligatory. The institution must find a way to have their financial statements audited. Furthermore, they have to disclose the financial statements to the public. The financial statements can be disclosed efficiently by social media such as Twitter, Facebook, YouTube, and line.

Performance theme is also important for a productive cash waqf. Donors should know how much profit that the institution will generate. This theme is also important to see the performance of cash waqf institution in the disclosure to the society. If the society knows that the institution really works and performs well, the amount of cash waqf will increase. In addition, public themes such as response to suggestion are important to see how the cash waqf concern with the society. Finally, Islamic compliance should also be disclosed to the public transparently in order that the society sees that the institution is promoting Islamic teaching.

Table 8: Islamic Accountability Index Scoring

Theme	Weight (%)	A	Score
Finance			
Audited financial statements	10.56	0	0
Expenditure information based on category	7.00	1	7
List of donors	3.90	0	0
Composition and management structure	3.35	1	3.35
Activity and shariah board information	2.50	0	0
Management note	2.69	0	0
Performance			
Income on investment (net income/average total asset)	5.99	0	0
Suggestions from beneficiaries	3.31	1	3.31
Program effectiveness and effects of evaluation	5.73	1	5.73
Employee competence upgrading program	3.25	0	0
Employee code of ethics and regulations	2.26	0	0
Good governance information	2.55	0	0
Performance indicators	2.42	0	0

Public			
Benefits of the waqf for beneficiaries information	5.25	1	5.25
Information on the percentage of funds used for social empowerment	4.05	0	0
Environment report	2.08	0	0
Response to suggestions	2.38	0	0
Program description and activity	3.75	1	3.75
Engagement			
Contact access and availability	4.76	1	4.76
Waqf online participation	3.05	1	3.05
Updates and organizational news	3.35	1	3.35
FAQ	2.09	0	0
Islamic aspect			
Shariah compliance	8.00	0	0
Regulation compliance	5.75	1	5.75
Total	100.00		45.3

Source: Dat

## 5 CONCLUSION

The accountability issue, especially for a small not-for-profit organization, seems to be ignored as they have limited resources and are ignorant of the benefits. However, social media actually can ease the cash waqf institution to promote accountability. The most difficult issue is the audited report as the budget has to be audited it. In addition, the institution still needs some supporting staff to inform the activity of each accountability index theme. To be accountable, cash waqf institution must find efficient ways to communicate the accountability to the public.

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