

## **Antecedents and Outcome of Waqif's Trust in Waqf Institution**

Rashedul Hasan<sup>1</sup>, Siti Alawiah Siraj<sup>2</sup> and Muslim Har Sani Mohamad<sup>3</sup>

This study is undertaken to determine the ability of Waqf institutions toward influencing Waqif's trust and commitment. The stakeholder trust model for Waqf institution proposed by Hasan & Siraj (2017) was empirically tested with a sample of fifty-four Waqifs of public Waqf institution in Bangladesh. Results from Structural Equation Modeling (SEM) using Smart PLS 3.0 provided statistical validity of the model. Among the three components of board attributes, only board integrity has a statistically non-significant impact on Waqif's Trust. While board opportunism negatively affects trust, communication and accountability are found to have a positive association with Waqif's trust. Trust is also found to have a positive impact on commitment. The established model does not consider social, economic and psychological dimensions that might determine Waqif's trust and commitment toward public Waqf institutions. Results provided by the study will allow policy makers to focus on key issues that facilitate in developing trust and commitment between Waqif and Waqf institution. This study is the first to empirically test the commitment-trust theory in the context of Waqf operating in a South-East Asian country using Structural Equation Modelling technique.

**Key Words:** Waqf; Trust; Commitment; Governance

### **1. Introduction**

Waqf is receiving increasing attention from the Muslim community due to its proven socio-economic contribution in providing a broad range of public goods (Yaacob, 2013). History has shown that Waqf played an important role in financing the expenditures of a Muslim country

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<sup>1</sup> Department of Accounting and Finance Nilai University, Malaysia  
E-Mail: hasanaiub05@gmail.com

<sup>2</sup> Department of Accounting International Islamic University Malaysia  
E-Mail: s.alwiah@iium.edu.my

<sup>3</sup> Department of Accounting International Islamic University Malaysia  
E-Mail: muslimh@iium.edu.my

(Cizakca, 1998). Waqf can make perpetual contributions, and this ability has led researchers to explore the possibility to integrate Waqf in designing an Islamic poverty alleviation mechanism (Ahmad, 2015; Aliyu et al., 2015; Hasan, 2010; Khan, 2013; Pramanik et al., 2015; Sadeq, 2002).

Despite some poverty alleviation models proposed by scholars in past decade, Waqf is yet to make a significant mark in alleviating poverty. Among various reasons, the lack of ability of Mutawalli's in managing Waqf properties to ensure a perpetual return has been highlighted (Chowdhury, Chowdhury, Muhammad, & Yaso, 2012; Hasan & Siraj, 2016; Karim, 2009; Yaacob, 2013). Waqf has lost its glory after the fall of Ottoman Empire (Toraman, Tuncsiper, & Yilmaz, 2007) and modern revival of Waqf (Cajee, 2008) in solving the poverty problem in developing countries have not yet seen a steady growth due to the lack of contribution from Waqif (Hamdan, Mohd Ramli, Jalil, & Haris, 2013).

There are several charitable instruments in Islam that is designed to ensure equal distribution of wealth. *Zakah*, one of such instrument, is a mandatory obligation and is also one of the five pillars of Islam. Waqf, on the other hand, is a voluntary obligation and originated from the practices of Prophet Muhammad (PBUH) with no specific instruction from the Quran. In such circumstances, the issue of trust has a significant role in the growth of such non-profit institution (Torres-Moraga, Vasques-Parraga, & Barra, 2010) in the evidence of mismanagement of Waqf properties by unqualified Mutawallis (Rashid, 2012).

Review of past literature on Waqf revealed that researchers have discussed the issue of trust (Gaudiosi, 1988; Sulaiman, Adnan, Suad, & Nor, 2009; Stibbard, Russell, & Bromley, 2012) from a distance and have not explored the significance of maintaining trust relationships for the sustainability of Waqf institutions. In a recent study, Mustafa, Mohamad, & Adnan (2013) investigated the antecedents of donor trust in *Zakah* institution for Nigeria and provided new directions for Islamic non-profit organisations. Researchers on conventional non-profit organisations have already shifted on trust as past studies (Dhanani & Connolly, 2012; Sargeant & Woodliffe, 2007; Torres-Moraga, Vasques-

Parraga et al., 2010) have established the importance of trust toward the survival of such institutions.

In this light, the current study centres on investigating antecedents and outcome of trust in Waqf institutions operating in Bangladesh. The primary reason for such investigation is two-fold. First, Waqf properties are managed by the public sector, and Chowdhury et al. (2012) highlighted several problems that are affecting the ability of the public sector in efficiently managing Waqf endowment in Bangladesh. Second, Mannan (2014) indicated that one of the biggest challenges being faced by the Waqf institution in Bangladesh is the lack of interest among Waqif to register endowed property under public management. In such a situation, this study has focused on exploring the importance of trust in building a long-term commitment between Waqif and Waqf institution along with the identification of antecedents that can enhance Waqif's trust in Waqf institutions.

## **2. Literature Review**

### **2.1 Socio-Economic Contribution of Waqf**

Waqf assets are perpetual in nature and include real estate which can provide support to religious and philanthropic activities. The conditions of continuous return from Waqf asset allow it to play a vital role in the socio-political development of a Muslim country. One of the most common uses of waqf property is the creation of Mosque, which provides praying facilities to Muslim Ummah<sup>4</sup>. It facilitated them to worship Allah, strengthens their brotherhood and teaches them to be accountable for their deeds in this life through various types of religious, educational activities.

Although religious education is covered by a Waqf on mosques, Madrasa education, in general, has been another important user of waqf revenues. In Southeast Asia, Madrasa<sup>5</sup> plays a vital role in providing education mostly to orphans and children from the needy family. Besides Madrasa, waqf estates have been used to build schools, colleges and universities.

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<sup>4</sup> Ummah is an Arabic word meaning "Nation" or "Community".

<sup>5</sup> Madrasa is an Arabic word meaning "Religious School".

Interestingly, waqf also played a significant role in establishing and strengthening the power of states, imposing loyalty to rulers or leaders and cultivating favourable reputations (Kuran, 2001). A law school in Damascus was endowed by Sultan Sulayman, fundamentally to establish his influence on religious scholars and in the meantime, an endowment may affirm the donor's special prominence, immortalising their reputations in the institution and securing a public perception of their civic mindedness (Kuran, 2001).

Waqf has the potential to reduce the interest rate by providing essential services without any cost to the Government. *Riba* (interest) is prohibited in Islam, but no country has yet succeeded in eliminating interest abruptly by law (Çizakça, 1998). Effective integration of waqf in the modern Islamic economic system can facilitate in the struggle against eliminating *Riba*.

The waqf system can significantly contribute to solving the unemployment problem of a country. In fact, waqf can be a major source of employment only if it is properly utilised as an economic tool but not as a mere religious charity. Waqf sector can play a significant role in providing public services and contributing to socio-economic development as a benevolent, non-governmental and nonprofit sector in the economy. Waqf can reduce the tax burden by reducing Government expenditure and borrowing which allow the public to save and invest in financial markets that will eventually lead to economic development. Lower taxes would have a positive impact on aggregate production while at the same time reduce costs.

## 2.2 The Concept of Trust and Commitment

The growth of various forms of relationships has put trust in a centre stage. One of the primary reason for the exploration of trust is its ability in establishing co-operative relationships (Handfield & Bechtel, 2002; McQuiston, 1997). Hosmer (1995) has utilised the concept of philosophical ethics to define trust to be the result of a given decision that recognises and protects the rights of other people through the analysis of the ethical principles of analysis. Trust has been conceptualised from different theoretical viewpoints that include transaction cost theory, social exchange theory, agency theory, the resource dependency theory, system theory and attribution theory.

Mayer, Davis, & Schoorman (1995) defined trust as the willingness of a trustor to be vulnerable to the actions of a trustee with the expectation that certain activity will be performed by the trustee which is desired by the trustor.

Prior studies on trust cover various disciplines such as social psychology (Lewicki & Bunker, 1996), sociology (Lewis & Weigert, 1985), economic (Dasgupta, 1988) and more recently, marketing (Morgan & Hunt, 1994) and e-commerce (McKnight & Chervany, 2002). Based on their content and scope, definitions of trust vary a great deal. However, the majority of trust literature can be divided into two categories, i.e. holistic studies and studies focusing on the role of trust in specific sets of circumstances (Sargeant & Lee, 2004). Fukuyama (1995) belongs to the holistic category and defines trust as a function of aggregate values, social networks, and social ethics that underpin economic cohesion and growth.

Dwyer, Schurr, & Oh (1987) regard trust as a party's expectation that another party desires co-ordination, will fulfil obligations and will put weight on the relationship. While Moorman, Deshpande, & Zaltman (1993) define trust as the willingness to rely on an exchange partner in whom one has confidence, Morgan & Hunt (1994) felt trust exists when one party has faith in an exchange partner's reliability and integrity. Mayer et al. (1995) agree that definition of trust must include aspects of risk or vulnerability, thereby distinguishing trust from co-operation, confidence and predictability. Trustworthiness and trust are often considered as two separate constructs (Mayer et al., 1995). However, for a certain state of trust to exist between two parties, both the expectation of trustworthy behaviour and the intention to act based upon it must be present (Huff & Kelley, 2003).

Trust in institutions is often more important than interpersonal trust in modern society because institutions can have more resources to provide people with the means of achieving some of their goals. Although trust takes centre stage in the Commitment-Trust Theory, commitment is viewed as a critical complement of trust in exchange relationships. It is important for both parties to engage in a resource transaction relationship. Moorman et al. (1993) defined commitment as an enduring desire to maintain a valued relationship. The term value relationship emphasised the belief that commitment exists when the relationship is

considered essential. It has been established that trust precedes commitment (Chory & Hubbell, 2008) and it is widely understood and agreed that organisational commitment and trust are deeply interrelated (Kwon & Suh, 2006; Zeffane, Syed, & James, 2011).

### 2.3 The Concept of Trust in Islamic Perspective

The word *Amanah* originates from the three letter root verb *Amina*, which means to be in a state of peace, safety, and security. In the noun form, the word becomes *Amn*, which means to be in a state of peace, security, shelter and protection. *Amanah* means trust, reliability, trustworthiness, loyalty, faithfulness, integrity and honesty.

In Islam, human beings are believed as the steward of Allah and are responsible for the efficient utilisation of the wealth entrusted to them. As a trustee, stewards are responsible for maximising the value of the wealth toward benefiting the whole community. Ibn Taymiyah was the first scholar to add trustworthiness to the existing list of *Maqasid*<sup>6</sup> in relationship to faith (Kasri, 2012).

While business organisations are accountable to Allah for its success in living up to the trust and realisation of *Maqasid Al Shariah*, they are also accountable to the stakeholder groups for realising their expectations and aspirations in conformity with the terms and *Maqasid* as well. Regarding waqf institutions, these principles should be followed by *Mutawallis* as trustee of the resources entrusted to them by Waqif. Effective utilisation of Islamic perspective of trust can foster the growth of these institutions and enhance their image among the general public.

## 3. Theoretical Framework

The Key mediating variable (KMV) model of relationship marketing developed by Morgan & Hunt (1994) by commitment-trust theory, has five antecedents. They are relationship termination cost, relationship benefits, shared value, communication and opportunistic behaviour. It also has five outcomes (acquiescence, propensity to leave, co-operation, functional conflict and decision-making uncertainty). The need for

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<sup>6</sup> The term 'Maqsid' (plural: Maqasid) literally means a purpose, intent, objective, principle, goal or end.

further explication, replication, extension, application and critical evaluation felt by the researchers will be taken into account and attempted in the context of waqf institutions through this study.

Morgan & Hunt (1994) conceptualise trust as confidence in an exchange partner's reliability and integrity. They propose that trust can be increased by sharing similar values and communicating those values between trustee and trustor. The different cases are also possible if partners are perceived to engage in opportunistic behaviour. Factors included in Key Mediating Variable (KMV) model have provided valuable insights in the process of relationship building. Morgan (2000) refers to an extended trust-commitment theory that included a framework that would provide further insight into the processes and motivations of relationship building.

Morgan & Hunt (1994) proposed the theory of Commitment – trust to understand the relationship building process of customers which opened new windows for relationship marketing research. This particular theory and detailed conceptual model allowed researchers to identify possible factors that make or break the successful relationship between customer and seller of commodities or services. Later on, the research model was reshaped by several researchers to cater some additional features and explore new horizons.

In the context of a non-profit religious organisation such as waqf, this theory is applicable for two reasons. First, the image of waqf institutions as a practical tool for economic development has already been destroyed (Stibbard et al., 2012). So, enhancing commitment among the current donors through increasing trust in this historical institution by focusing on improving governance structure, disclosure and accountability practices might be the most important function for the *Mutawallis* at present. The theory of Commitment-Trust will be used in this study to examine the donor trust in waqf institutions with a specific focus on governance, accounting and accountability issues. The utilisation of the theory and modification of the initial model proposed by Morgan & Hunt (1994) to analyse trust and commitment with the specific theme of accounting will serve as a significant contribution to the study.

The original KMV model of Morgan & Hunt (1994) provided three determinants (shared value, communication and opportunistic

behaviour) and four outcomes (relationship commitment, cooperation, functional conflict, uncertainty). Mayer et al. (1995) introduced ability, benevolence, and integrity as determinants of trust which are being moderated by trustor's propensity and positioned risk taking behaviour as an outcome of trust. Finally, Seal & Vincent-Jones (1997) proposed accountability as an antecedent of trust along with accounting which has already been covered by the original KMV model (communication).

Focused group interviews were conducted with experienced waqf administrators to determine the relevance of these variables in the context of Waqf institutions operating in Bangladesh. Respondents were asked to rate the importance of selected variables on a five-point Likert scale, ranging from strongly disagree to strongly agree. Based on the suggestions of focused group respondents along with the extensive review of related literature, only six determinants of trust are retained with only one outcome variable. These determinants include benevolence, ability, integrity, opportunism, communication and accountability. Commitment is proposed as a determinant of donor's trust in Waqf institutions.

#### **4. Hypotheses Development**

Public trust is part of ethical governance because moral values and mechanisms of accountability, independence, transparency, integrity, openness, expertise and motivation, participation and collaboration, and sanction and ethical codes can reduce corruption on one hand and increase public trust on the other (Osifo, 2012). Board attributes as a part of ethical governance practices can play a significant role in reporting public trust to a charitable organisation. Stakeholder theory has also emphasised the role of board attributes in ensuring the trust of a donor as the key stakeholder.

A competent board can provide assistance in resolving such conflict and improve coordination for the organisation. Mayer et al. (1995) have proposed benevolence, integrity, and ability as possible antecedents of trust which has been empirically tested for possible board attributes that could influence donor trust in Zakah institutions in Nigeria by Mustafa, Mohamad, & Adnan (2013). Results indicate that board attributes have a positive association with Zakat payer trust. While Jarvenpaa et al. (1998) and Knoll & Gill (2011) have also found a positive association



between all three attributes of board and trust, Yu et al. (2015) indicate a negative impact of benevolence on trust. Hence, following hypotheses are developed:

**H<sub>1a</sub>**: Board benevolence has a positive impact on trust.

**H<sub>1b</sub>**: Board ability has a positive impact on trust.

**H<sub>1c</sub>**: Board integrity has a positive impact on trust.

Sargeant & Lee (2004a) have empirically tested the impact of disclosure practices on donor trust for the UK charity sector. The term used in their study was communication which has the similar meaning of disclosure practice. A sample of 1000 known charity givers to four specific organisations was randomly selected for the survey. The postal survey method generated a 34.2 percent response, and thus 334 responses were used in AMOS. Communication was found to have the strongest impact on donor commitment.

The study conducted by Torres-Moraga et al. (2010) for Chili also tested the impact of communication on donor trust. 300 potential respondents were divided into three classes based on socio-economic position. One of the limitations of this study is the application of convenience sampling method. Structural equation modelling result found communication effectiveness to have an indirect effect on donor trust. This difference in result for the charity sector of two different countries has led to the formulation of the following hypothesis:

**H<sub>2</sub>**: Communication has a positive impact on trust.

Opportunistic behaviour can be linked to Waqf institutions regarding benefits generated from endowed properties donated for the sake of the beneficiaries. In the presence of opportunism, managers get involved in a conflict with the stakeholders as it influences deceptive behaviour such as hiding, revealing only incomplete or distorted information, consciously leading others to errors and converting others or confusing others (Romar, 2004). In line with the agency theory, this creates a conflict between donors and managers which can be minimised through effective governance.

However, a religious NPO like waqf is accountable to Allah as His steward for effective utilisation of public fund. As per stewardship theory, managers are not opportunistic and try to achieve principal's objectives. They are driven by profit motive and are concerned with maximisation of firm performance. Thus, any conflict that might arise from the information asymmetry between principal and agent as per the propositions of agency theory is non-existent between principal and steward which might increase trust in these institutions. Previous studies have found that an opportunistic behaviour hurts trust (Torres-Moraga et al., 2010; Williams, 2007). As a result, the following hypothesis is formulated to test whether donors of waqf institutions view managers as stewards or agents.

**H<sub>3</sub>:** Board opportunism has a negative impact on trust.

Connolly & Hyndman (2013) explored accountability from the perspective of charity donors. The research utilised semi-structured interviews and found evidence that information commonly disclosed informal charity communication is questionable. It was also revealed that informal communication was used as an accountability mechanism by charities in the UK due to their importance in enhancing trust and reputation among donors.

Islamic accountability provides the notion that human beings are accountable to ALLAH as the key stakeholder (Ibrahim, 2000). Accountability toward Allah can only be achieved by being accountable to the community. Waqf institutions are accountable to the donors and can enhance trust by being accountable for their actions relating to the endowed property. A similar proposition is made by Seal & Vincent-Jones (1997) in their conceptual model of organisational trust. Thus, the following hypothesis is formulated:

**H<sub>4</sub>:** Accountability has a positive impact on trust.

The association between trust and commitment has been investigated from several points of views in previous literature. Several authors have utilised the KMV model developed using commitment trust-theory by Morgan & Hunt (1994) while others have utilised the trust model drawn up by Mayer et al. (1995). Although the theoretical model provided by Seal & Vincent-Jones (1997) have not yet been empirically tested, the

introduction of the concept of accountability have made this model significant and relevant for the current study.

Sargeant & Woodliffe (2007) have empirically tested the relationship between trust, commitment, and intention of charitable giving in the context of UK and US charitable institutions. They conclude that trust in the selected charitable organisation drives engagement in the context of charitable giving among donors of those institutions. Similar results were found by Chen, Chen, & Yeh, (2014); Morgan & Hunt (1994); Mukherjee & Nath (2003); Wong & Sohal (2002) by using the commitment-trust theory. Hence, following hypothesis is generated:

**H<sub>5</sub>:** Waqif's Trust has a positive impact on commitment.

## 5. Research Methodology

Based on the suggestions of Backstrom & Hursh-Cesar (1981), a sample size of 60 is conveniently chosen in the current study. The population of the survey is Waqif registered under Waqf Bangladesh, the public administrator of waqf estates in Bangladesh. After collecting the response from respondents, four were found to be unusable which leaves a final sample of 56 respondents. A brief description of demographic statistics of the sample is provided in Table 1.

Table 1 indicates those major portions of the respondents are male. Among the seven divisions of Bangladesh, Waqif's from Chittagong and Dhaka have a dominating presence in the study. Forty-three percent of the respondents have a Master's degree which provides a degree of assurance toward having a reliable response from the conveniently selected respondents. There are several respondents with an annual income level less than 2,50,000 BDT<sup>7</sup> (1 USD = approximately 83 BDT). The range used in the income level follows taxable income limit and thus indicates that all except ten respondents have taxable income. While exploring the validity of respondents being a Waqif with income below the taxable limit, it was identified that they inherited and later donated a substantial portion of their property as Waqf.

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<sup>7</sup> BDT is the code for Bangladeshi Taka (the currency of Bangladesh)

**Table 1:** Demographic Profile of the sample

	Frequency	Percent		Frequency	Percent
Gender			Academic Qualification		
Male	42	75.0	Bachelor	9	16.1
Female	14	25.0	Masters	43	76.8
District			Others	4	7.1
Barisal	1	1.8	Annual Income Level (in BDT)		
Chittagong	17	30.4	<2,50,000	10	17.9
Dhaka	19	33.9	2,50,000-6,00,000	32	57.1
Khulna	7	12.5	6,00,000-11,00,000	9	16.1
Maymensing	5	8.9	11,00,000-17,50,000	3	5.4
Rajshahi	6	10.7	>17,50,000	2	3.6
Rangpur	1	1.8	Employment Status		
Marital Status			Employed (Private Service)	49	87.5
Single	36	64.3	Unemployed	3	5.4
Married	20	35.7	Businessman	2	3.6
			Retired	2	3.6

Reliability and validity of the questionnaire items are determined through descriptive statistics, Cronbach's Alpha value and correlations. Exploratory factor analysis is not performed in the study due to the limited number of sample size. The statistical validity of the developed conceptual model was tested using structural equation modelling technique. Structural Equation Modelling (SEM) approach is chosen as a data analysis tool due to its ability to simultaneously analyse all variables in the model which is not possible through a multiple regression analysis (Chin, 1998; Fornell & Larcker, 1987). Smart PLS can perform such complex analysis with a small sample and thus chosen as a data analysis tool in this study.

## 6. Discussion

The descriptive statistics of the respondents participated in the pilot study are provided in Table 1. The majority of the respondents are male, living in Dhaka city with a minimum bachelor degree and holding a private job. Pearson correlation test provided significant correlations among studied variables. However, none of the independent variables is highly correlated among themselves. So, the study is not affected by multicollinearity issue. Shapiro-Wilk test results indicated that data conforms to the normality assumption.

Validity and reliability of the measures included in the questionnaire are ensured through various mechanisms. First, content and face validity is provided by conducting a focused group discussion with five Waqf Administrators to verify whether the measures adequately measure the concept. Based on the suggestions of the experts, several changes are made to the initial questionnaire. Internal consistency reliability is determined through Cronbach's Alpha values provided in Table 3. George & Mallery (2003) states that an alpha value less than 0.50 is unacceptable while a value higher than 0.70 is acceptable. Cronbach's alpha value found from the pilot study proves the inter-item consistency of all measurement items. Separate tests were also conducted for each variable.

### 7.1 Results of Measurement Model

A two-step approach was used to test the validity of the measurement model as per the suggestions of Anderson & Fornell (2009). First, the convergent validity was assessed based on the information provided in Table 2. Convergent validity can be ascertained if the loadings are greater than 0.50 (Bagozzi & Yi, 1991), composite reliability greater than 0.70 (Gefen et al., 2000) and the average variance extracted is greater than 0.50 (Fornell & Lacker, 1981). Based on the selected criteria, convergent validity of the developed model is achieved.

**Table 2:** Convergent Validity of Constructs

Model Constructs	Measurement Item	Loading	Cronbach's Alpha	CR	AVE
Board Ability	A2	.849	.796	.750	.602
	A3	.696			
Board Benevolence	B1	.957	.713	.818	.698
	B2	.692			
Board Integrity	I2	.802	.731	.827	.706
	I4	.876			
Opportunism	O1	.919	.723	.793	.661
	O3	.691			
Communication	C1	.657	.806	.801	.574
	C2	.839			
	C3	.750			
Accountability	AC2	.808	.896	.893	.735
	AC4	.903			
	AC5	.858			
Trust	T1	.918	.836	.898	.814
	T2	.886			
Commitment	CM1	.911	.928	.945	.812
	CM2	.931			
	CM3	.891			
	CM4	.871			

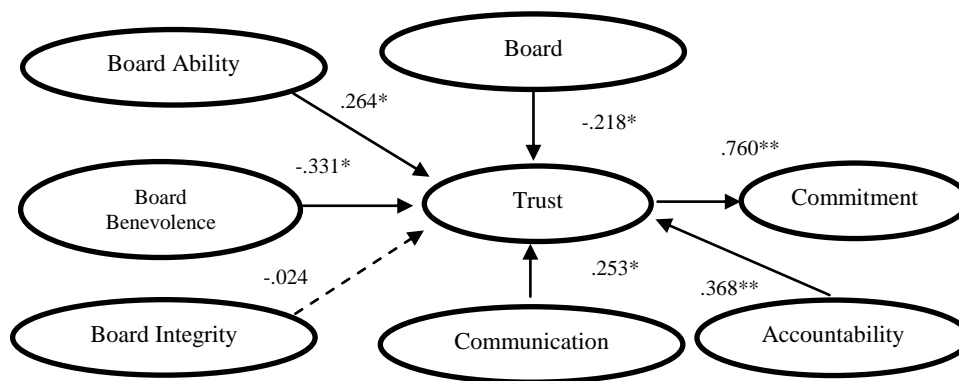
The discriminant validity was also tested using the Fornell & Lacker (1981) criterion whereby the average variance shared between each construct and its measures should be greater than the variance shared between the construct and other constructs. We have found that the correlations for each construct are less than the square root of the average variance extracted by the indicators measuring the construct indicating adequate discriminant validity. The majority of the constructs used in developing the structural model satisfied the convergent and discriminant validity test.

## 7.2 Results of Structural Model Analysis

The structural model was tested using SMART PLS 3.0 using bootstrapping with 200 resamples. The results are presented in figure 2 and Table 3. The adjusted  $R^2$  value ranged from .520 to .577 percent. This suggests that the modelled variables can explain 52.0 to 57.7 percent of the variance of the respective dependent variables.

Table 5 provides the results of path coefficients and hypothesis tests. Among the three board attributes, the only board integrity was found to be a non-significant predictor of waqif's trust. While board ability has a positive impact on trust, board benevolence has an adverse impact on trust. Board opportunism, communication and accountability are also found as significant predictors of waqif's trust in waqf institution. Finally, trust was found to have a significant positive impact on the commitment which validated the propositions of Trust and Commitment theory.

**Figure 2:** Summary of Structural Equation Modelling (SEM) Results



Note: Bold line indicates significant relationships and the dotted line indicates non-significant relationships. \* $p < .005$ , \*\* $p < 0.01$

**Table 3:** Path Coefficient and hypothesis testing

Hypothesis	Relationship	Coefficient	t-Value	Supported
H <sub>1a</sub>	Board Benevolence → Trust	-.331	2.026*	No
H <sub>1b</sub>	Board Ability → Trust	.264	1.659*	Yes
H <sub>1c</sub>	Board Integrity → Trust	-.024	0.154	No
H <sub>2</sub>	Board Opportunism → Trust	-.218	2.106*	Yes
H <sub>3</sub>	Communication → Trust	.253	2.353*	Yes
H <sub>4</sub>	Accountability → Trust	.368	2.315*	Yes
H <sub>5a</sub>	Trust → Commitment	.760	7.417**	Yes

\* $p < .005$ , \*\* $p < 0.01$

## 7. Discussions and Conclusion

The study adds to the literature by validating the propositions of Commitment-Trust Theory through measuring the impact of opportunism and communication on trust and commitment of Waqf institutions. It also validates propositions of stewardship theory through a significant negative association between board opportunism and Waqif's trust. Finally, a positive impact of accountability on trust proves the statistical significance of the trust model of (Seal & Vincent-Jones, 1997).

Based on Mayer's (1995) model of trust; benevolence, ability and integrity of board members in influencing Waqif's trust and commitment to Government managed. Waqf institutions were tested using SEM technique.  $H_{1a}$  assumes that board benevolence has a positive impact on Waqif's trust. However, the study has found a negative impact of board benevolence on trust. Such, negative relationship is also found by Yu et al. (2015). A possible reason for such relationship might be the highly elusive and subjective nature of benevolence. So,  $H_{1a}$  is rejected.

Results indicate that ability of the board members has a positive association with generating trust in the organisation. This positive impact has also been found in the studies of Jarvenpaa, Knoll, & Leidner (1998); Knoll & Gill (2011) and Yu, Balaji, & Khong (2015). Hence, Ability, a construct from the Mayer & Davis (1999) is found significant in the context of Waqf institutions, and  $H_{1b}$  is accepted.

$H_{1c}$  assumes by stewardship theory that Board Integrity has a positive influence on Donors' Trust. This positive contribution has also been found in the studies of Jarvenpaa, Knoll, & Leidner (1998); Knoll & Gill (2011) and Yu, Balaji, & Khong (2015). However, Integrity failed to establish a significant relationship with trust in the context of Waqf institutions, and  $H_{1c}$  is rejected.

Communication is found to have a positive impact on Waqif's trust. Such result is in line with the findings of prior literature (Mukherjee & Nath, 2003; Mustafa et al., 2013; Sargeant & Lee, 2004). Hence,  $H_2$  is accepted.  $H_3$  assumes by Commitment-Trust Theory that Board Opportunism has a negative influence on Donors' Trust. The value of -



0.218 is the contribution of Board Opportunism toward donors' trust in Waqf institutions. This negative contribution has also been found in prior studies (Mukherjee & Nath, 2003; Torres-Moraga et al., 2010). Surprisingly, a positive relationship is reported by Sargeant & Lee (2004) for donors of UK charities. Hence, Opportunism, a construct from the KMV model by Morgan & Hunt (1994) is found significant in the context of Waqf institutions, and  $H_3$  is accepted.

Based on the propositions of Islamic Accountability and Stewardship theory, Accountability is hypothesised to have a positive influence on waqif's Trust. This positive impact found in the study provides statistical evidence for the conceptual trust model of Seal & Vincent-Jones (1997). A significant positive impact on accountability on trust establishes accountability as a valid contract in trust literature. Hence, Accountability is found significant in the context of waqf institutions, and  $H_4$  is accepted. Among all the antecedent of donors' trust, accountability turns out to be the strongest.

Trust is also found to have a positive and significant impact on commitment. It indicates an increase in Waqif's trust will enhance their long-term commitment toward the institution. These findings are similar to prior studies (Jarvenpaa et al., 1998; Morgan & Hunt, 1994; Torres-Moraga, Vasques-Parraga, & Barra, 2010; Yu et al., 2015). Thus, hypothesis  $H_{5a}$  is also accepted.

The study has important theoretical implications. First, the research extends our current understanding of the association between board attributes, trust, and commitment through empirical analysis of an antecedent and outcome model. The result of this study provides strong evidence that trust in public waqf institutions is developed through perceptions toward the ability of board members responsible for managing the Waqf Fund. By including three attributes of the board, this study presents a process by which Government can build trust and enhance Waqif's intention to keep the donated property under the supervision of public authority that will benefit a large group of beneficiaries.

Second, this study provides valuable empirical findings that validate the application of Mayers' model of trust and the propositions of Commitment-Trust Theory which has been previously applied in

relationship marketing and strategic management literature. Findings of the study broaden the horizon of waqf literature which has been concentrating on historical, political and economic aspects. Now, the governance aspects in the context of a South-Asian country have also been explored.

This study also provides valuable insights for the public waqf administrators. As ability has a positive link with trust and trust also positively affect Waqif's commitment, reform strategies are needed to enhance the ability of waqf administrators. In this process, the image of public organisations as an administrator of waqf will increase, and the ability of Waqf in becoming a practical tool for poverty alleviation will enhance.

Finally, this study is not without limitations. Prior studies indicate other dimension such as communication, accountability, and opportunism might determine Waqif's trust (Morgan & Hunt, 1994; Mukherjee & Nath, 2003; Sargeant & Lee, 2004). Thus, further studies may consider other dimensions in exploring the issue of Waqif's trust. Furthermore, future research should extend the findings to a large sample so as to increase the generalizability of the results derived in the current study.

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