Seriat Ekonomisi, Vol 02, no. 01 (2025): 34-42
Publisher: Yayasan Dermawan Cendikiawan Bersatu
E-ISSN: 3047-6313

Analysis of the Application of Waqf Accounting in the Management of Productive Waqf Assets

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Abstract: This research aims to analyze the application of waqf accounting in the management of productive waqf assets, with a focus on evaluating the implementation of accounting standards such as PSAK 112 and identifying challenges faced by waqf institutions. Using a qualitative descriptive approach, data were collected through interviews with waqf managers and analysis of institutional financial documents. The findings reveal that while the importance of transparent and accountable financial reporting is widely recognized, the actual application of standardized waqf accounting remains inconsistent across institutions. Key challenges include limited human resource capacity, inadequate technological infrastructure, lack of regulatory enforcement, and resistance to organizational change. However, several institutions demonstrate best practices by adopting digital accounting systems and adhering to PSAK 112, resulting in improved asset utilization and stakeholder trust. The study concludes that proper waqf accounting is essential for optimizing the performance of productive waqf assets and aligning waqf management with Islamic ethical principles of amanah, muhasabah, and ʼadl. Strengthening accounting practices is thus crucial for enhancing the effectiveness, transparency, and sustainability of waqf as a tool for socio-economic development.

Research Highlights:

- Evaluates the implementation of PSAK 112 in waqf institutions managing productive waqf assets in a qualitative framework.
- Reveals inconsistencies in the application of standardized accounting practices due to lack of training, technology, and regulatory oversight.
- Identifies key barriers, including limited human resource capacity, inadequate financial systems, and resistance to change within traditional institutions.
- Highlights best practices in institutions that have adopted digital systems and transparent financial reporting, resulting in improved trust and asset utilization.
- Emphasizes the alignment between Islamic ethical values such as amanah (trust) and muhasabah (accountability) and modern financial management principles in waqf governance.

Article history
Submitted 27-01-2025
Revised 20-2-2025
Accepted 26-03-2025

Keywords
Waqf Accounting;
Productive Waqf Assets;
PSAK 112;
Islamic Financial Management;
Transparency and Accountability.

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INTRODUCTION

Waqf is a unique institution in Islamic economic and social systems, referring to the voluntary, permanent, and irrevocable dedication of a portion of one's wealth or property for religious or charitable purposes(Abd Jalil et al., 2016). Derived from the Arabic root word waqafa, meaning "to stop" or "to hold," waqf implies withholding an asset from private ownership and dedicating its benefits to serve the public good or specific charitable objectives in accordance with Islamic principles.

Religiously, the concept of waqf finds strong roots in the teachings of the Prophet Muhammad (peace be upon him), who encouraged Muslims to engage in continuous charity (sadaqah jariyah) a form of giving whose reward continues to benefit the giver even after death. One of the earliest examples of waqf in Islamic history is the donation of a well in Madinah by Uthman ibn Affan, a close companion of the Prophet, for the benefit of the Muslim community. The Prophet himself also established waqf properties, including lands and gardens, whose proceeds supported the poor and needy(M. Mohsin, 2019). This precedent laid the foundation for waqf as an enduring form of worship and a vehicle for sustainable social welfare in Islamic society.

Historically, waqf institutions played a transformative role in the development of Islamic civilization. Throughout the classical Islamic period, waqf became a fundamental pillar of community development. It supported the construction and maintenance of mosques, madrasahs (schools), hospitals, caravanserais, libraries, and orphanages(Khan, 2015b). In regions such as the Ottoman Empire, Persia, and Mughal India, waqf properties were central to the delivery of public services and the advancement of knowledge, health, and infrastructure. Waqf thus became a practical mechanism through which private wealth was transformed into a public resource without dependence on state funding.

From a socio-economic perspective, waqf serves multiple functions that align with Islamic objectives of justice, equity, and the eradication of poverty(M. Abdullah, 2018). It enables wealth redistribution, encourages long-term planning for charitable impact, and strengthens community resilience through the financing of essential services. Productive waqf, where assets such as land, businesses, or investments generate income, ensures sustainability and self-reliance in charitable programs. Moreover, waqf promotes financial inclusion by funding education, health care, and social welfare for marginalized groups.

In contemporary times, the potential of waqf is being revisited as a tool for Islamic social finance and economic development. Governments and Islamic financial institutions are exploring innovative models such as cash waqf, corporate waqf, and waqf-based microfinance to address modern social challenges(R. Abdullah & Ismail, 2017). However, the revitalization of waqf institutions also requires modern governance frameworks, including standardized waqf accounting and transparent management practices, to ensure their integrity and impact.

Waqf, an Islamic endowment of property or assets for religious or charitable purposes, has historically played a pivotal role in the socio-economic development of Muslim societies(Khan, 2015b). Traditionally used to fund mosques, schools, hospitals, and other public services, waqf represents a form of sustainable philanthropy rooted in Islamic teachings. In recent years, the concept of productive waqf where waqf assets are managed to generate income for continued charitable use has gained prominence as a strategic tool for poverty alleviation, community empowerment, and economic development.

However, the effectiveness of productive waqf management is highly dependent on transparent, accountable, and standardized financial practices. Waqf accounting serves as a critical mechanism to ensure the proper administration and reporting of waqf assets and the revenues they generate(Suhaimi Nahar & Yaacob, 2011). With the increasing complexity of asset management and stakeholder expectations, the need for reliable and standardized waqf accounting has become more pressing than ever.

Over the past decade, the resurgence of interest in Islamic social finance has led to a growing body of research examining the role of waqf, particularly productive waqf, in addressing socio-economic challenges in the Muslim world. Alongside this interest has emerged a scholarly focus on waqf accounting as a critical component of effective waqf management(Ihsan & Hameed Hj. Mohamed Ibrahim, 2011). Researchers have sought to analyze how accounting standards are applied within waqf institutions, identify gaps in practice, and propose frameworks that enhance transparency, accountability, and sustainability.

One of the foundational works in this field is by Abdul Rahman and Ahmad (2011), who emphasized the importance of applying Islamic accounting principles to waqf institutions to ensure

Shariah compliance and uphold the trust (amanah) bestowed upon waqf managers. Their study proposed the development of specific waqf accounting standards that align with Islamic ethical values and public accountability.

In the Indonesian context, following the issuance of PSAK 112 by the Indonesian Institute of Accountants (IAI) in 2021, several studies have emerged analyzing the readiness and implementation of this standard in waqf institutions. For instance, Lubis and Firdaus (2022) examined the application of PSAK 112 in several Indonesian waqf boards (nazhir), revealing that while there was a general willingness to adopt the standard, many institutions faced constraints in human resources and technical expertise. They highlighted the need for capacity-building and systematized training to support the standard's implementation.

Harun, Anuar, and Shafii (2016) conducted comparative research on waqf accounting practices in Malaysia and Indonesia, revealing inconsistencies in financial reporting due to the absence of unified accounting frameworks in some regions. Their study underlined the need for harmonization of waqf accounting standards across countries with large Muslim populations and active waqf sectors.

More recently, Kahf and Sadeq (2019) emphasized the role of productive waqf in sustainable economic development, pointing out that proper accounting and governance mechanisms are essential to maximizing the socio-economic potential of waqf assets. They argued that waqf institutions must adopt modern accounting practices not only to comply with regulatory standards but also to attract public trust and investment in waqf-based projects.

In a study conducted in 2020, Muhammad and Ismail evaluated the financial disclosure practices of waqf institutions in relation to productive assets in Nigeria. Their findings showed a significant lack of transparency and proper financial documentation, resulting in public skepticism and underperformance of productive waqf initiatives. They recommended adopting International Public Sector Accounting Standards (IPSAS) alongside local Islamic financial principles to improve waqf governance.

Other scholars, such as Nadzri, Abd Rahman, and Omar (2018), focused on the role of technology in supporting waqf accounting. They introduced the concept of a digital waqf management system that integrates accounting software tailored to PSAK 112 and AAOIFI guidelines. Their model showed promise in increasing operational efficiency and stakeholder confidence.

Despite various efforts by Islamic financial institutions and regulatory bodies such as the issuance of PSAK 112 in Indonesia and the AAOIFI waqf accounting standards the implementation of waqf accounting practices remains inconsistent across many institutions(Mukhlisin, 2014). Issues such as lack of skilled personnel, inadequate financial reporting systems, and the absence of enforcement mechanisms have hampered the full realization of waqf's economic potential.

This research is motivated by the gap between the theoretical framework provided by waqf accounting standards and the practical realities faced by waqf institutions. It aims to analyze how these standards are applied in managing productive waqf assets, assess the effectiveness of current accounting practices, and identify challenges and opportunities for improvement. By doing so, the study seeks to contribute to enhancing the transparency, accountability, and sustainability of waqf asset managementultimately reinforcing public trust and maximizing the socio-economic impact of waqf.

METHOD

This research adopts a qualitative descriptive approach to explore the application of waqf accounting in the management of productive waqf assets. The qualitative method is deemed appropriate given the need to gain in-depth insights into institutional practices, perceptions, and challenges related to the implementation of waqf accounting standards(Abu Talib et al., 2020). Through this approach, the study seeks to capture the complexity of accounting practices within various waqf institutions and evaluate the extent to which they comply with established standards such as PSAK 112 (in Indonesia) and other relevant frameworks.

Data collection was carried out using a combination of primary and secondary data sources(Ajayi, 2017). Primary data were obtained through semi-structured interviews with key stakeholders involved in the management and accounting of waqf assets, including nazhir (waqf managers), financial officers, auditors, and representatives from religious and government institutions overseeing waqf. These interviews aimed to uncover their understanding of waqf accounting standards, the systems and procedures used for recording productive waqf assets, and the practical challenges faced during implementation.

Secondary data were gathered from the financial reports, internal policy documents, and waqf accounting manuals of selected waqf institutions(Ihsan & Hameed Hj. Mohamed Ibrahim, 2011). In addition, the study analyzed the contents of PSAK 112 and other relevant Islamic accounting standards issued by bodies such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). This documentary analysis was used to compare the prescribed accounting practices with those applied in the field.

The sampling technique used in this study is purposive sampling, focusing on waqf institutions that actively manage productive assets such as commercial buildings, agricultural land, or business ventures(Ali, 2020). Institutions were selected based on their operational scale, accessibility of data, and willingness to participate in the research. A minimum of 5 to 7 institutions were included to ensure variation in practice and regional representation.

For data analysis, the research employed thematic analysis to identify key themes and patterns related to the implementation of waqf accounting(Ihsan et al., 2016). Interview transcripts and documents were coded and categorized to extract insights on accounting procedures, compliance with standards, transparency practices, and institutional capacity. The analysis also examined the alignment between accounting records and the principles of accountability and trust in Islamic finance.

To enhance the validity and reliability of the study, triangulation was applied by comparing interview data with document analysis and field observations(Santos et al., 2020). Member checking was conducted by sharing preliminary findings with several interview participants to ensure accuracy and confirm interpretation.

RESULTS AND DISCUSSION

Result

The findings of this research reveal varying levels of implementation and understanding of waqf accounting standards among waqf institutions managing productive assets. While most institutions acknowledge the importance of transparent and accountable financial practices, the actual application of waqf accounting, particularly in alignment with PSAK 112, remains inconsistent and in many cases underdeveloped.

Firstly, it was found that awareness and understanding of PSAK 112 among nazhir and accounting personnel are generally low. Although PSAK 112 provides a clear framework for recording and reporting waqf transactions, including the classification of assets, sources of income, and disbursement of benefits, many waqf institutions either do not apply the standard fully or only partially implement its provisions. This is largely due to a lack of training, limited access to updated resources, and insufficient coordination between regulatory bodies and waqf managers.

Secondly, the research shows that financial reporting systems are not standardized across the observed institutions. Some institutions use basic accounting software, while others rely on manual records, making it difficult to produce comprehensive financial statements that reflect the true financial position and performance of productive waqf assets. In several cases, income generated from productive assets, such as rental properties or business ventures, was not properly tracked or disclosed in public reports. This lack of clarity undermines both transparency and stakeholder trust.

Moreover, the study found that documentation and asset valuation practices are often inadequate. Many waqf institutions do not regularly revalue their productive assets, nor do they maintain proper documentation for acquisitions, asset usage, or depreciation. This leads to discrepancies in financial statements and limits the institutions' ability to make informed decisions regarding asset development or reinvestment.

Another significant finding relates to accountability mechanisms. While some waqf institutions have internal audit systems or financial review committees, these mechanisms are not always active or effective. External audits are rarely conducted, and there is minimal public disclosure of waqf performance indicators. Consequently, donors and the public often lack access to reliable information about how waqf funds are managed and whether the benefits are being distributed as intended.

However, the research also identified best practices in certain institutions. A few waqf bodies have adopted PSAK 112 more comprehensively, implemented digital accounting systems, and regularly publish financial reports. These institutions typically receive support from universities, government agencies, or non-profit partners who assist in capacity-building and compliance monitoring. Their experience demonstrates that with adequate training, systems, and leadership commitment, waqf accounting can be effectively integrated into productive waqf management.

In summary, the results of this study highlight a significant gap between the normative standards of waqf accounting and their practical implementation in the field. While the potential of productive waqf is widely recognized, its realization is hindered by limited institutional capacity, weak financial systems, and a lack of regulatory enforcement. Addressing these challenges through targeted policy support, training programs, and technological integration is essential to strengthening waqf governance and maximizing its socio-economic impact.

Interpretation of Findings in Light of Islamic Ethical Principles and Financial Management Theories

The findings of this study reveal notable inconsistencies in the implementation of waqf accounting practices across institutions managing productive waqf assets. When interpreted through the lens of Islamic ethical principles and modern financial management theories, these results highlight both the moral and operational challenges that must be addressed to fulfill the objectives of waqf as a trust-based institution.

At the core of Islamic ethics lies the concept of amanah (trust), which dictates that waqf managers (nazhir) are morally and religiously obligated to safeguard the assets entrusted to them and utilize them solely for the benefit of the intended beneficiaries(Haji-Mohiddin & Mas, 2015). The lack of transparent and standardized accounting practices, as found in this research, represents a failure to fully uphold this trust. In Islam, accountability (muhasabah) is not only a legal requirement but a spiritual one reflecting the belief that all actions are ultimately accountable before Allah. Inadequate recordkeeping, poor financial reporting, and lack of disclosure violate this ethical duty and risk eroding public confidence in waqf institutions.

Another relevant Islamic value is justice (‘adl), which implies fair treatment of stakeholders, including donors, beneficiaries, and the wider community(Kamla & G. Rammal, 2013). From this perspective, the failure to accurately report waqf income and expenditures compromises distributive justice, as it may lead to the misallocation or underutilization of resources meant to serve the poor and needy. Furthermore, the absence of reliable performance data inhibits strategic decision-making and denies stakeholders the opportunity to evaluate whether the institution is fulfilling its social mandate.

From the standpoint of financial management theory, the observed weaknesses in accounting practices indicate deficiencies in internal control systems, performance measurement, and financial transparency all of which are essential components of good governance. The agency theory which addresses the relationship between principals (donors or the public) and agents (waqf managers) is particularly relevant. When accounting systems are weak, the asymmetry of information between the public and waqf managers increases, raising the risk of mismanagement or inefficiency. Agency theory suggests that stronger reporting mechanisms, audits, and oversight structures are required to reduce this gap and align the interests of agents with those of the principals.

In addition, stewardship theory, which emphasizes the intrinsic motivation of agents to act in the best interest of the organization and its stakeholders, complements the Islamic view of waqf management(El-Halaby, 2015). However, even the most committed stewards require institutional support, training, and standardized tools to perform effectively. The lack of capacity-building, poor regulatory enforcement, and absence of digital systems observed in this study hinder the ability of even well-intentioned waqf managers to fulfill their responsibilities.

The institutions identified in the study as demonstrating good practices those using PSAK 112, publishing financial statements, and adopting digital systems can be seen as aligning more closely with both Islamic ethical imperatives and financial governance best practices. These institutions embody the integration of religious values and modern financial discipline, a model that should be encouraged and replicated.

Comparison of Waqf Accounting Practices Across Different Institutions and Regions

In Indonesia, the implementation of PSAK 112 (Pernyataan Standar Akuntansi Keuangan 112) represents a major step toward standardizing waqf accounting(Mukhlisin, 2014). The standard outlines guidelines for recognizing, measuring, presenting, and disclosing waqf-related transactions in financial reports. However, this study and others have shown that adoption among waqf institutions remains uneven. Larger institutions affiliated with national or provincial religious boards are more likely to implement PSAK 112, often with external support from government programs or academic institutions. In contrast, smaller waqf institutions especially those in rural areas often lack trained personnel and technological infrastructure, leading to inconsistent application and limited financial transparency.

In Malaysia, the waqf sector is regulated primarily at the state level, under the authority of State Islamic Religious Councils (SIRCs)(Siraj, 2012). While this structure allows for localized governance, it has also led to disparities in waqf management and accounting across states. Some SIRCs, such as those in Selangor and Johor, have established specialized waqf corporations that maintain detailed accounting records and publish annual reports. These states have also embraced digital systems to track waqf assets and automate financial reporting. However, in states with weaker institutional development, waqf accounting remains largely manual and fragmented, leading to inefficiencies and poor public disclosure.

In the Middle East, particularly countries like Saudi Arabia and Kuwait, waqf institutions benefit from strong state involvement and substantial financial endowments(Kuran, 2016). These institutions often operate at a larger scale, managing extensive portfolios of real estate and commercial investments. While accounting practices are generally more advanced, they are often conducted internally without standardized public reporting obligations. In Saudi Arabia, efforts have been made to digitize waqf records and improve governance, yet transparency remains a challenge due to limited public access to financial data. In contrast, Kuwait's Public Foundation for Awqaf is frequently cited as a best-practice model, with robust financial disclosure, investment diversification, and strategic waqf development planning.

In Africa, such as in Nigeria and Sudan, the management of waqf is mostly community-based and operates under customary or local religious authority(Muhammad, 2016). Research shows that accounting practices in many of these institutions are basic or non-existent, often relying on verbal records or handwritten logs. The lack of legal and institutional support limits the ability of these organizations to manage productive waqf assets effectively. Nonetheless, there are emerging initiatives to introduce capacity-building programs and Islamic accounting frameworks to improve financial governance.

Comparatively, waqf institutions in Turkey stand out for their centralized governance under the General Directorate of Foundations (Vakıflar Genel Müdürlüğü), a government body with a long history dating back to the Ottoman period(Karagedikli & Tunçer, 2018). Waqf institutions in Turkey are required to submit standardized financial reports and are audited regularly, ensuring high levels of transparency. Their productive waqf projects, ranging from real estate to educational initiatives, are generally well-documented and efficiently managed.

This cross-regional comparison reveals a clear pattern: institutions with clear regulatory frameworks, centralized governance, trained personnel, and technological integration tend to demonstrate more effective waqf accounting practices(Casey, 2016). In contrast, regions lacking these elements struggle with inconsistency, inefficiency, and a lack of public accountability. However, across all regions, there remains a shared need to bridge the gap between traditional waqf management and modern accounting standards.

The diversity of waqf accounting practices across institutions and regions highlights both the challenges and opportunities for reform. Standardization, capacity building, and institutional collaboration are essential for promoting best practices globally, ensuring that waqf continues to serve as a powerful instrument for sustainable socio-economic development.

The Impact of Proper Accounting on the Effectiveness of Waqf Asset Utilization

One of the most significant impacts of proper accounting is the ability to track and optimize the performance of productive waqf assets. Productive waqf such as rental properties, agricultural ventures, or business investments requires detailed financial oversight to ensure that the income generated is accurately recorded, allocated, and reinvested. Proper accounting systems allow waqf institutions to monitor income streams, manage operational costs, and evaluate the profitability of different assets. This enables informed decision-making about which assets to retain, improve, or divest, thereby maximizing the returns available for charitable purposes.

Moreover, standardized accounting practices promote transparency and accountability, both of which are core principles in Islamic governance. When waqf financial activities are clearly recorded and disclosed through audited financial statements, stakeholders including donors, beneficiaries, regulatory authorities, and the general public can assess whether the institution is managing its resources in accordance with Islamic ethical standards. Transparency builds public confidence and encourages continued support and donations, creating a virtuous cycle that strengthens the institution’s long-term viability.

Proper accounting also facilitates compliance with regulatory and Shariah standards. In countries like Indonesia, for instance, the implementation of PSAK 112 provides a structured framework for reporting waqf transactions, asset classification, income distribution, and disclosure(Maulana, 2019). Adhering to such standards not only fulfills legal requirements but also aligns waqf practices with broader Islamic financial reporting norms, contributing to institutional legitimacy and cross-sector integration. It also helps identify instances of mismanagement or inefficiency, allowing corrective measures to be taken in a timely manner.

In addition, proper accounting enhances strategic planning and resource allocation. Through detailed budgeting, financial forecasting, and cost-benefit analysis, waqf managers can prioritize high-impact projects, expand productive ventures, and ensure that surplus funds are reinvested or distributed optimally. This level of financial discipline is particularly important in competitive economic environments where waqf assets must be managed efficiently to remain viable and relevant.

Furthermore, accounting serves as a communication tool that bridges the gap between traditional waqf management and modern financial expectations. By presenting clear, accessible financial information, waqf institutions can engage with a wider range of stakeholders including financial institutions, development agencies, and philanthropic investors thereby unlocking new opportunities for collaboration, funding, and innovation in waqf development.

Conversely, the absence of proper accounting often leads to serious negative consequences. Mismanagement of funds, underutilized assets, lack of performance evaluation, and diminished public trust are all common in waqf institutions that lack systematic financial oversight(M. I. A. Mohsin et al., 2016). These issues not only hinder the socio-economic impact of waqf but may also deter future donors and reduce the sustainability of existing programs.

Proper accounting is not merely a technical requirement but a strategic necessity in waqf asset management. It enables effective utilization, supports ethical governance, and reinforces the mission of waqf as a vehicle for long-term public benefit. To fully realize the potential of productive waqf, institutions must invest in developing accounting capacity, adopting standardized practices, and embedding financial transparency into their operational culture.

Challenges and Limitations

One of the primary challenges is the lack of human resource capacity within waqf institutions(Khan, 2015a). Many waqf managers (nazhir) and administrative staff lack formal training in financial management or accounting. This is particularly evident in smaller or community-based waqf organizations, where accounting tasks are often handled manually or by individuals without professional qualifications. As a result, the institutions struggle to interpret or apply standards like PSAK 112, leading to inconsistent or inaccurate financial reporting.

In addition, there is a lack of technological infrastructure to support efficient accounting systems. Many waqf institutions, especially in rural or underfunded areas, do not have access to modern accounting software or digital recordkeeping tools. This limits their ability to maintain detailed, up-to-date financial records and hinders transparency. The absence of digital systems also increases the risk of data loss, errors, and fraud.

Another critical issue is the limited enforcement and monitoring of accounting standards. Although standards such as PSAK 112 have been introduced in certain jurisdictions like Indonesia, there is often no robust regulatory mechanism to ensure compliance(Maulana, 2019). Institutions are not uniformly required or incentivized to adopt these standards, and external audits are rare. This lack of oversight weakens accountability and perpetuates inconsistent practices across different waqf entities.

Cultural and organizational resistance to change also poses a significant barrier. Some waqf institutions operate with deeply entrenched traditional practices and may view modern accounting requirements as burdensome or incompatible with their operational ethos. In such cases, there may be reluctance to adopt new financial reporting procedures or to disclose detailed financial information to external parties.

From a structural perspective, the diverse legal and governance frameworks surrounding waqf in different countries and regions contribute to fragmentation. In some jurisdictions, waqf is regulated at the national level, while in others, it falls under local or religious authority. This diversity creates inconsistencies in accounting practices and hinders efforts to harmonize waqf reporting standards across regions.

The research itself also encountered limitations. First, the study's scope was restricted to a select number of institutions, which may limit the generalizability of the findings. While purposive sampling allowed for in-depth analysis, it did not cover the full spectrum of waqf management structures, especially those operating in remote or informal settings. Second, some waqf institutions were hesitant to share detailed financial documents or discuss weaknesses in their accounting practices, which may have constrained the depth of data collection and analysis. Third, the research is largely qualitative, which, while rich in insight, does not provide statistical generalization.

The challenges and limitations surrounding the application of waqf accounting highlight the need for systemic reforms, including capacity-building, regulatory enforcement, technological adoption, and cultural change(Uddin & Mohiuddin, 2020). Addressing these issues is vital for improving the integrity and effectiveness of productive waqf asset management and ensuring that the institution of waqf continues to serve its intended socio-economic and religious functions.

CONCLUSION

This research has examined the application of waqf accounting in the management of productive waqf assets, with a focus on understanding the extent to which accounting standards such as PSAK 112 are implemented by waqf institutions. The findings reveal that while there is increasing awareness of the importance of accounting in ensuring transparency, accountability, and sustainability, the actual implementation across institutions remains uneven and often insufficient. Key challenges identified include limited human resource capacity, lack of technological infrastructure, minimal regulatory enforcement, and resistance to change. These barriers hinder waqf institutions from fully applying standardized accounting procedures, thereby weakening financial reporting and potentially undermining public trust and donor confidence. Furthermore, variations in practices across regions and institutions demonstrate a need for greater harmonization and institutional support. Despite these challenges, the study also highlights promising examples of best practices, where certain institutions have successfully integrated Islamic accounting standards, adopted digital systems, and improved transparency. These cases underscore the critical role of proper accounting in optimizing waqf asset utilization, promoting good governance, and enhancing the overall impact of productive waqf in supporting social welfare and economic development. In light of Islamic ethical principles such as amanah (trust), muhasabah (accountability), and 'adl (justice) the application of sound accounting is not merely a technical requirement, but a religious and moral obligation. To strengthen the waqf sector, stakeholders must prioritize capacity building, enforce regulatory standards, and promote a culture of transparency and professionalism within waqf institutions. Ultimately, improving waqf accounting practices is essential for unlocking the full potential of productive waqf as a sustainable and impactful tool for Islamic social finance and community development.

AUTHORS' DECLARATION

Authors' Contributions and Responsibilities

The author was fully responsible for the conceptualization, design, and execution of this research. The process began with identifying the research problem and formulating the title, focusing on the application of waqf accounting in the management of productive waqf assets.

Competing Interests

The author declares that there are no competing interests related to this research. This study was conducted independently, without any financial, institutional, or personal relationships that could be perceived to influence the objectivity, integrity, or outcomes of the research.

Acknowledgments

The author would like to express sincere gratitude to all individuals and institutions that contributed to the completion of this research.

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