

## **THE EFFECT OF INFORMATION DISCLOSURE ON DONOR COMMITMENT: THE CASE OF WAQF INSTITUTION**

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### **ABSTRACT**

*This is an extension of an earlier study that examined the relationship between information disclosure on donor commitment related to waqf institution. Data was obtained from a sample of 558 individuals in Malaysia who are a repeating cash donor to waqf. Partial least squares-structural equation modelling (PLS-SEM) test using SmartPLS was used for data analysis. The findings indicated that future information disclosure and waqif (the person who gives waqf) significantly influenced the latter's commitment. Additionally, the waqf, or trust in English, plays a role as a mediator between future information disclosure and governance information disclosure to the waqif's commitment. This theoretical contribution has a practical implication as well in that, it indicates to the waqf or trust to disclose their report to donors to ensure sustainable collection.*

**Keywords:** commitment, disclosure, donor, *waqf*, cash

## INTRODUCTION

For a start, *waqf* authorities should provide high-quality disclosure and reporting of *waqf* activities to instil trust and confidence among the contributors and wider stakeholders. Contributors want to know where their contributions are going and how they are being spent.<sup>1</sup>

The remark above suggests that *waqf* (trust) authorities are lacking in proper and timely disclosure of contributions from donors. A previous study had highlighted this issue, namely the respective *waqf* institutions in Malaysia are lacking proper accounting records (Ihsan & Adnan, 2011). This was echoed by Masruki and Shafii (2013) who pointed out that the non-existence of reporting standards and *waqf* accounting is the main reason for this. At present, there are no specific standards for *waqf* reporting governing non-profit organisations (Mansor et al., 2017). Thus, the quality and comparability of information disclosed by *waqf* institutions may be compromised due to disparities in reporting practices. Therefore, if the *waqf* organisations do not even have any decent accounting records, how could they provide valuable information to their *waqifs*? Mahamood (2006) reported that the practice of *waqf* in Malaysia has long been carried out since the introduction of Islam and currently guaranteed by the 1957 State List of the Federal Constitution. Since Western colonialism to the present day, cultural and religious matters have come under the control of the states. Malaysia has 14 states, and each has its State Islamic Religious Council (SIRC), which is the exclusive *mutawalli* (trustee) of *waqf* in Malaysia. However, these states have their own *fatwas* and enactments governing Islamic matters. Therefore, in 2004, Jabatan Wakaf, Zakat, dan Haji (JAWHAR) was established by the Malaysian federal government to coordinate with every SIRC (Jabatan Arkib Negara, 2012).

The practice of *waqf* in Malaysia is not new and has been in existence since the advent of Islam in the Malay Archipelago. *Waqf* is one of the many types of Islamic philanthropy. The unique nature of *waqf*, such as its inalienability, irrevocability, and perpetuity cause it to be widely practised by Muslims for construction of Islamic infrastructure, such as mosques, schools, and cemeteries. At the time this paper was written, the Malaysian government was planning to provide promoting free water supply to those in need. Beginning in 1983, there was a shift in the form of *waqf* donation to take one a more cash-based donation to develop *waqf* properties (Abd Jalil, 2018).

Essentially, the motivation for this paper was the issue of insufficient *waqf* funds to develop *waqf* land and assets in Malaysia. Many studies have addressed the struggles related to cash *waqf* collection. From the interview with officers from the *waqf* authorities, as there are no public reports, we know that *waqf* institution in Malaysia is facing inadequacy of *waqf* funds (Pitchay et al., 2015), the inclines of donors/*waqif* (Mohsin, 2009), lacking *waqf* funds collection (Mohd Hanefah et al., 2009), insignificant contributions of cash *waqf* among students (Osman, 2014), unattractive behaviour of cash *waqf* giving (Osman et al., 2015), and the relatively low acceptance level of the *waqif* (donors) towards giving (Mahamood, 2007).

Sustainable collections of cash *waqf* are vital to development of *waqf* land in Malaysia. According to Ahmad (2008), the Department of Islamic Development Malaysia (JAKIM) released a *fatwa* (edict) in 1983 stating that cash *waqf* can be practised in Malaysia to solve the idle *waqf* assets problem. Although the cash *waqf* was introduced in 1959, as stated in the Perak State Islamic Religious Council's law, the majority of *waqif* still choose to give a fixed asset. This behaviour is understandable because, in principle, cash *waqf* is not allowed according to Syafiee school of thought (Wahbah al-Zuhaili, 1985). Regrettably, after 37 years of the *fatwa*, less than 10% of *waqf* land in Malaysia of 30,888.89 acres is benefitted (Abd Jalil, 2018).

Sargeant et al. (2006) reported that for charitable entities, their primary resources are from individual donations. Sargeant (2001) pointed out that non-profit organisations must have committed donors to serve their purpose continually. Many empirical studies have suggested that committed donors are the main solution for the continued survival of non-profit organisations. Therefore, this paper examines the *waqif* as a dependent variable. According to the theory of trust-commitment (Morgan & Hunt, 1994), theory of social exchange (Blau, 1964), and model of giving behaviour (Sargeant et al., 2006), one of the factors that influence commitment is the information of "performance." However, according to Charitable Organisations Reporting Index (ChoRI) model (Zainon et al., 2011), information regarding performance is not the only information desired by donors. There have been no studies that have looked at the nexus between information disclosure and *waqif* commitment, and the issue is connected, which motivated this research and this paper examines the nexus between *waqif* commitment, *waqif* trust, and information disclosure.

## LITERATURE REVIEW

### Theoretical Framework

According to theories of giving, people donate for many reasons and motives. The Mediated Philanthropy Model in the Theory of Social Exchange (TSE) proposed by Blau (1964), explains the Malaysian cash *waqf* system. Here, the SIRC acts as the fundraiser and collects cash from the donors, and distributes the money for designated projects. Individuals who offer more to others are supposed to get more from them (Homans, 1958). This means those who get much from others are also under duress to give much, thus creating an equilibrium in the exchange. The TSE also offers a sociological framework that describes charitable behaviour, providing a model that better evaluates donor behaviours compared with pure economic theories. The TSE is “intended to encompass all striving for rewarding social experiences, including the desire to further humanitarian ideals or spiritual values as well as the pursuit of personal advantage and emotional satisfaction” (Lawler & Thye, 1999). The mediated philanthropy model from the TSE shows that when an individual contributes to a charity institution, the latter will respond with appreciation and update their progress to the donors from time to time (Blau, 1964). The charity institution therefore, act as the trustee, collects and distributes the funds collected to the beneficiaries.

The TSE though does not offer an explanation to the motivation behind their commitment to donate. For this research needs to look into The Commitment-Trust Theory (CTT). Proposition and confirmation from Morgan and Hunt (1994) offer a sound perspective which suggests that the antecedent of ‘trust’ acts as a mediator in the relationship between commitment and donation. Although CTT had dealt with issues related to the marketing sector, Morgan and Hunt (1994) proposed that the models suggested in this theory could also be applied in other disciplines, such as lateral partnerships and charity organisations. MacMillan et al. (2005) used CTT to explain the strong relationship between commitment, trust, and communication. Sargeant and Lee (2004) created a model of giving behaviour, which were used by (Anderson & Narus, 1990; Moorman et al., 1993) where it was found communication acceptance significantly influences commitment.

Information does not have a direct relationship with either attitude of commitment or trust. However, communication has previously been thought to have a positive association with trust. A piece of information is assumed to indirectly influence people’s trust via exchange of communication. This is a significant assumption since Sargeant et al. (2006) had proven empirically that the information on

organisational performance significantly influences donors' trust. However, the question that arises is, "do just the performance of organisation information affect donor's trust?" Zainon et al. (2011) reviewed data obtained from non-profit organisations (NPO) from database (ChoRI). Although the study did not test the causal effect of information towards giving intention, Zainon et al. (2011) pointed out other factors apart from organisational performance that are important to donors namely information related to background, finance, and non-financial statistics, future projections, and governance. These factors are expected to influence the *waqif's* commitment to continue with their cash donation. This study used the items related to information disclosure as per Zainon et al. (2011).

## **Commitment**

Muslims are urged to be committed to their faith based on the concept of *istiqamah*. Osman (2014), Osman et al. (2012), and Osman et al. (2015) revealed that the behaviour that governs conventional donation and cash *waqf* are not much different. They showed that "attitude, subjective norm, perceived behavioural control, and religiosity" significantly influence the intention to donate cash.

According to Kiesler (1971), commitment is "a gradual relation between the individuals and their behavioural activities in any situation, and the more the individual acts, the more they become concerned." MacMillan et al. (2005) defined commitment based on Morgan and Hunt (1994), namely in terms of the funder's intention to remain in the relationship (with the NPO) and the willingness to put in the effort to maintain the relationship (with the NPO). Other earlier studies conceptualised commitment as a "continuing desire to sustain a valued relationship" (Moorman et al., 1993; Xu et al., 2020).

In philanthropy, a repeat purchase represents a donation repetition (Trent et al., 2020). Morgan and Hunt (1994) refer to "relationship termination cost, relationship benefit shared values, and trust," as constituting commitment in the context of marketing. Dwyer et al. (1987) emphasised that the manifestation of trust produces greater heights of commitment, thus, leading to better standards in mutual trades and loyalty. Commitment is a crucial element of a successful relationship, and it influences repeat purchases (Berry & Parasuraman, 1992). Earlier research in business and marketing showed trust and commitment will get diluted if the resources related to those are not fully utilised (Sarkar et al., 1998). Suppliers are more concerned about acquiring committed clients in their connection (Leek et al., 2002).

Sargeant and Lee (2004) examined commitment in the link between charity organisation and donors. According to them, other than trust, mutual influence, relationship investment, and communication acceptance and forbearance from opportunism are the antecedents of variables that influence relationship commitment. Sargeant and Woodliffe (2005) divide donor commitment into passive commitment and active commitment. Some donors continue their donation via direct debit, and they continue to do so simply because they are not “ready to cancel.” These people are called passive donors. Sargeant and Woodliffe (2005) added predictor variables to commitment: personal link, payment procedures, hazard, organisational achievement, multiple engagements, and concrete link to recipients, excellence communication, and choice of communication. In redefining the concept of commitment, the factors of recommendation were added by Sargeant and Jay (2011). The donor’s trust in the organisation, their prior relationship with the organisation, and the belief that their gift will lead to results all determine how much of the donor’s money a non-profit will get (Barra et al., 2018; Kassim et al., 2019).

Overall, several factors influencing commitment have been highlighted and among them are trust and information of performance. Research on commitment by donors towards *waqf* is relatively new in the context of conventional charity.

### **Information disclosure**

In the Quran, the importance of transparency and information disclosure has been emphasised in the following verse: “O you who believe! When ye deal with each other, in transactions involving future obligations in a fixed period, reduce them to writing. Let a scribe write down faithfully as between the parties...” (Al-Baqarah, verse 282). This verse asserts that each transaction must be written to avoid injustice. Transparency is the prerequisite for sincerity in all scope of public affairs. Transparency and information disclosure permit participants to gather information that might be vital to revealing abuses and defending their interests.

The primary purpose of business reporting is to present information including management and financial judgments to multiple users who have a stake in institutional performance. The contributors are the most important stakeholders in the charity business, and they typically obtain information from financial statements, such as annual financial report (Kober & Thambar, 2021). Zainon et al. (2011) argued that the charity organisation must ensure correct information is channelled to their donors.

Researchers who write in business and philanthropy, have offered various definitions of two separate but closely related terms, accountability and information disclosure. Edwards and Hulme (1996) define accountability as “the means by which individuals and organisations report to an acknowledged authority (or authorities) and are held accountable for their actions” or as Fox and Brown (1998) and Schatteman (2013) stated as “a process of holding actors responsible for their actions.” Information disclosure, on the other hand, is “informing the public about the financial status of the firm” (Agca & Onder, 2007) alongside “the free option by company management in offering accounting and other information on the part of company management to provide accounting and other information considered pertinent to the decision needs of users of their annual reports” (Meek et al., 1995). The term information disclosure in the current study refers to “the communication of economic information, whether financial or non-financial, quantitative or otherwise concerning a company’s financial position and performance” (Owusu-Ansah, 1998).

Accountability has two dimensions, according to Howson and Barnes (2009);, namely external stakeholder accountability and the method of legitimately getting information to be presented. Trussel and Parsons (2013) stated that the information accessible to donors is a key element that stimulates decision making involving charitable donations. Accountability through information disclosure is considered vital to donors who are external stakeholders. The administration of *waqf* institutions differs across states, according to a study of accountability procedures in *waqf* institutions in selected Malaysian states (Kamarubahrin et al., 2019). The degree of confidence in charity organisations among stakeholders likely will increase with the accessibility of information (Lee, 2004). Trussel and Parsons (2013) emphasised that particulars related to effectiveness of allocation of funds, institution financial strength, and programmes, would also affect donating behaviour. Parsons (2007) stated that donors’ decision to contribute is based on the information on financial accounting. Howson and Barnes (2009) reported that donors behave proactively when positive financial accounting information is provided to them. Laufer et al. (2010) stated that communities evaluate NPOs based on the form of communication used in accordance with local culture.

Bird and Morgan-Jones’ (1981) found that fundraising expenses, general expenditures, previous year’s result, revenue composition, income, and as well as the assets of the charity are information requested by respondents. Bird and Morgan-Jones’ (1981) also learned that donors likewise concerned the following information to be vital: input and output processes, rate of each service unit, outcomes, existing and scheduled programmes, fundraising and administrative rate, as well as evidence of the individual’s legal conformity. Part of the role of differentiation strategy is to

mediate the paths between financial and non-financial government incentives and firm performance (both financial and non-financial) (financial and environmental). The cost leadership strategy, on the other hand, fully mediates the relationship between government financial incentives and environmental performance while only partially mediates the relationship between government non-financial support and environmental performance. The cost of leadership strategy serves as a partial intermediary between government incentives (both financial and non-financial) and financial performance in a variety of ways (Anwar & Li, 2021).

Due to the peculiarity and significance of NPOs, there is an increasing need for financial and non-financial data (Carvalho et al., 2020). According to Trussel and Parsons (2013), the organisation's status, the details accessible to patrons, the economic stability of an establishment and the competence of an organisation in distributing capital to its programmes influence the amount and frequency of contributions. Additionally, quality of information is important which affects giving. Johns (2004) claimed that revealed information could be enhanced when they are consistent with the decisions made by a board or committee.

Atan et al. (2012) and Amin et al. (2014) indicated that the amount of information is instrumental in influencing one's decision to donate to the *waqf*. Zainon et al. (2011) reported comprehensive on the information disclosure content needed by donors, where they divide information disclosure into five categories: background, financial, non-financial, future, and governance. The current study has used these categories as its dependent variables. Two reasons of why Zainon et al.'s (2011) model was adopted in this study: first, comprehensive items, second, the scope of the study. Hence, based on the previous literature, the following hypotheses were developed:

H<sub>1</sub>: There is a positive significant relationship between information disclosure and *waqif*'s trust.

H<sub>2</sub>: There is a positive significant relationship between information disclosure and *waqif*'s commitment.

## **Trust**

For community development, local governments and public institutions must have faith in the public service delivery system (Oh, 2021). The Henley Centre's (1997) report on a general decline of assurance in the establishments showed respondents were inclined to entrust in charitable individuals with a higher level of confidence. Tonkiss and Passey (1999) used Henley's research on motivation to examine the



link between faith and assurance and they found that trust is strengthened based on a communal principle. Gaskin (1999) collaborated with the Henley Centre and National Council for Voluntary Organisations to interview donors on the influence of trust. They interviewed 10 focus groups, namely non-givers, dedicated volunteers, non-volunteers, charity contributors, young professionals, irregular volunteers, social security applicants, established workers, the religious devotees, and non-professionals. Findings suggested that any decrease in trust results in a diminishing income and this would affect the organisation's operating capability.

Islam teaches its followers to be cautious, not to take anything for granted, and trust others. Prophet Muhammad (pbuh) in the hadith said, "A believer is not bitten from the same hole twice (Al-Bukhari, No. 6133; Muslim, No. 2998)." This was in relation to poet Abu Ghurra who was captured at the battle of *Badr* and was released after promising the Prophet that he would not return to the battlefield to fight against them again.

Trust is "one's belief that his/her needs will be met in the future by actions carried out by a different party" (Anderson & Weitz, 1989). Fukuyama (1992) pointed out trust is "a function of mutual values, cultural ethics, and social networks, which strengthens both social cohesion and economic development."

Burnett (2002) discussed the significance of trust in fundraising in which he posited that trust and confidence of donors are vital for successful fundraising. The trustworthiness of fundraisers and their organisations is a basis for donors to start and maintain their support. This echoes the findings of Saxton (1995) where a high level of trust in a volunteer organisation may inculcate greater motivation to become a benefactor and provide a more considerable amount of donation. Cheung et al. (2016) suggested that social services may enhance volunteer identification and social trust by leveraging the reciprocal impacts between volunteer identity and social trust. According to Herzlinger (1996), the notion of trust is the crux of charity, establishing the groundwork in which laws regarding charities are formulated as well as in the development of suitable governance structures. The study also found that the donor's trust would expectedly decline when an organisation is incompetent, spend excessively on fundraising and administration, incur high private expenses and create undue risks. Trust can also influence the perceptions of knowledge and expertise, sincerity and honesty (Peters et al., 1997).

Snip (2011) examined the factors that influence an individual's intentions to continue giving to charity institution along with the elements that affect an individual's trust in the latter. The results indicated that commitment to donation is based on the trust the donor has on the charity. Further, the study suggested that trust can be enhanced if the charity organisation provides adequate and

timely information to their stakeholders, uphold their reputation, refine their communication style, and reduce perceived risk among donors. A later research by Lok et al. (2019) confirmed this, namely trust and purchasing commitment has a positive relationship.

Trust is the most prominent factor in the antecedent of commitment. Walter et al. (2000) suggested the more reliant the buyer is on the seller, the weightier the apparent worth of the affiliation by the said client. This means the likelihood of a long relationship will remain if there is trust. In philanthropy, trust is a core for commitment behaviour (Sargeant et al., 2006). Higher levels of trust suggests continuation of the relationship (Anderson & Weitz, 1989).

Studies on the importance of trust in relation to *waqf* cash donation is limited. Trust has a positive impact on the depositor's commitment towards continuous donations. Trust is seen to fully mediate the relationship between board welfare, board integrity, opportunism and communication with commitment, and in the same study, trust only partially mediates the relationship between board capacity and accountability for engagement (Hassan et al., 2017). Boards of management are shown to have a favourable connection with *waqif*'s trust that adversely impacts trust, communications, and accountability (Hasan et al., 2017). The findings showed that cash *waqf* administration is a successful corporate entity model and, with the support of SIRC, institutions may serve the community in a highly professional manner (Fauzi et al., 2019). Thus, the following hypotheses have been proposed:

- H<sub>3</sub>: There is a positive significant relationship between *waqif*'s trust and *waqif*'s commitment.
- H<sub>4</sub>: The relationship between information disclosure and *waqif* commitment is mediated positively by the level of trust.

## RESEARCH METHODS

### Definitions of Key Terms

It is important to clarify the terms used in the current study. Cash *waqf* is the allocation of money for a designated *waqf* to benefit the less fortunate or allocating them to a particular segment of the community. Commitment represents a donor's repeat behaviour. Trust refers to the extent of a donor's confidence that a charity will behave as anticipated and realise its obligations. Basic background information is the organisation's preceding detailed information on its founding, history and

its operations, and status. Financial information disclosure relates to records of the financial activities of a *waqf* institution. Non-financial information is qualitative reporting which informs the users whether any objectives have been realised as well as the progress of *waqf* programmes. Future information relates to budget, strategic planning, statement of future activities, vision and mission statements, and core tenets of the organisation, which are expected by the institutional donors in the periodic reports published by the charity. Governance information relates to the process of delivering strategic leadership to an organisation by making policies and strategy decisions, functions of setting direction, guaranteeing overall accountability, as well as supervising and monitoring organisational performance.

### **Questionnaire Development Process**

The current research used SmartSurvey online survey platform to distribute its questionnaires to potential respondents. The questionnaire was divided into four sections: Section A on demography, Section B on information disclosure, Section C on trust, and Section D on commitment. All the items for each construct were measured using the five-point Likert scale.

The study adopted items discussed by Sargeant et al. (2006) in the category of commitment, Sargeant and Jay (2011) in trust items, and Zainon et al. (2011) for information on disclosure items.

Three stages of pilot testing questions as recommended by Vaus (2002) were undertaken. The first stage was “question development” to set up the phrasing of each question, to assess how respondents interpret the question’s meaning and to ensure the range of response alternatives is adequate. The second stage was “questionnaire development” which facilitated the further evaluation of individual items and the questionnaire. The last was the “polishing pilot test” stage where information gained in stage two was used to revise, shorten and redesign the questions and finalise the skip patterns.

### **Sampling and Data**

The unit analysis of this research was individuals who have made repeat cash contributions to *waqf* authorities in Malaysia. The convenience sampling technique was employed to recruit the sample of 558 *waqif*. Due to time constraints, the time period allotted to collect the data, obtained through online questionnaire, was only one month. Filter questions were set to reach the target sample. The questionnaires were distributed by email and smartphone application. According to Green (1991), the minimum sample size can be predicted based on the maximum

number of arrows pointing to a single construct. Since the maximum number of arrows pointed to a single construct on this statistical research framework is 6 (Figure 1), based on medium effect size, the minimum sample size for this study is 97 respondents (see Table 1).

The relationship test between the latent constructs is best tested using partial least squares-structural equation modelling (PLS-SEM) by SmartPLS (Astrachan et al., 2014). A two-step process were used to assess the research model in this study: (1) the model measurement assessment, and (2) the structural model evaluation. Validation of both measurement and structural models is vital for empirical studies such as this.

## FINDINGS AND DISCUSSION

### Demography Analysis

Although 1,284 respondents were recruited for this study but only 558 samples were returned. The majority of the respondents which was 57.3%, were females. Those aged between 26 and 35 years old (42.8%) accounted for majority of the respondents followed by those aged between 36 and 45 years (34.2%), 46 to 55 years old (16.5%), 56 years old and above (4.1%), and the rest were under 25 years old.

A total of 35 (6.27%) respondents were Indians, indigenous Sabahans and Sarawakians, and others. The rest which accounted for majority of the respondents were Malays. The respondents came from all over Malaysia with all the states were represented. Selangor had the highest number of respondents, 127 (22.76%), which is in line with records showing Selangor attracts the highest cash *waqf* collection in Malaysia. The least number of respondents came from Sarawak, 9 (1.61%). Interestingly, even though the SIRC in Sabah has yet to introduce cash *waqf*, 22 respondents were from this East Malaysian state. It was discovered that the *waqifs* there gave cash *waqf* directly to beneficiaries, such as mosques and religious schools.

The majority, 473 respondents (78.3%), has bachelor's degrees, masters, and PhD. The remaining have STPM education and below. The majority, 80.8%, of the respondents were employed in the government sector, 14.3% in statutory bodies while the rest were employed in the private sector, or were students or homemakers. Only a minority, 1.3%, of the respondents earn less than RM1,000, 9.1% earn

between RM1,001 to RM2,000, 50.5% earn between RM2,001 to RM5,000 while the rest earn RM5,000.

## **Measurement Model Assessment**

### **Internal consistency reliability**

The Cronbach's alpha value of each construct exceeded 0.7, which shows that the measurement model has satisfactory internal consistency reliability. However, 0.8 or 0.9 is more desirable (Nunnally & Bernstein, 1979), the coefficient value of each construct exceeded 0.7 (Dijkstra & Henseler, 2015), each composite reliability (CR) construct surpassed the tolerance value of 0.7 (Hennington et al., 2009). Table 1 shows Cronbach's Alpha, and CR of each construct for this research are higher than the recommended threshold value. Hence, the scores denoted that the items used to represent the constructs have satisfactory internal consistency reliability.

### **Indicator reliability**

This research accepted factor loadings at more than 0.7, as suggested by (Chin, 1998). Table 1 shows all the items obtained the loading value of more than 0.7 (ideal value) except the organisation's name, address, regulatory, tax exemption status, and fund allocation. Statement of changes were deleted due to low loading.

Table 1  
*Internal consistency reliability*

<b>Constructs</b>	<b>Items</b>	<b>Loadings</b>	<b>Cronbach's alpha</b>	<b>rho_A</b>	<b>CR</b>	<b>AVE</b>
Basic Information	Governing act	0.731	0.894	0.896	0.915	0.574
	Category of charity effort	0.718				
	Registration number	0.795				
	Location of organisation	0.734				
	Local @ international	0.752				
	Date of registration	0.810				
	History of organisation	0.752				
	Founder of the organisation	0.764				

*(continued on next page)*

Table 1: (continued)

Constructs	Items	Loadings	Cronbach's alpha	rho_A	CR	AVE
Financial Information	Performance	0.748	0.968	0.969	0.971	0.692
	Stability	0.813				
	Efficiency	0.840				
	Statement of receipts and payments	0.705				
	Project revenue	0.846				
	Cash flow	0.840				
	Asset	0.828				
	Government sponsor	0.860				
	Liabilities	0.865				
	Expenses	0.869				
	Income	0.863				
	Government grants	0.850				
	Charitable funds	0.858				
	Surplus or deficit	0.841				
Method of cash flow preparation	0.832					
Non-Financial Information	Processes and outputs	0.785	0.963	0.966	0.966	0.643
	Reputation	0.775				
	Effectiveness	0.816				
	Result/Outcome	0.829				
	Clients/beneficiaries satisfaction	0.805				
	Clients' complaints	0.774				
	Investment in technology and computer	0.849				
	Increase in clients	0.823				
	Programmes and service quality	0.813				
	Performance criteria/ KPI	0.871				
	Increase staff in training courses	0.850				

(continued on next page)

Table 1: (continued)

Constructs	Items	Loadings	Cronbach's alpha	rho_A	CR	AVE
	Skills and performance of staffs	0.798				
	High success rates	0.752				
	Programmed and service completion	0.769				
	Participation in regional events	0.756				
	Participation in international events	0.747				
Future Information	Comparisons of actual to budget	0.873	0.959	0.961	0.965	0.777
	Budget information	0.900				
	Strategic planning	0.894				
	Statement of future activities	0.908				
	Vision statement	0.869				
	Mission statement	0.880				
	Core values of the organisation	0.882				
	Statement of objectives	0.844				
Governance Information	Current and planned programmes	0.770	0.940	0.941	0.948	0.648
	List of volunteers	0.779				
	Statement of principal officers	0.796				
	Committee/organisation size	0.824				
	Community services	0.768				
	Internal audit committee	0.784				
	Audit certification by independent auditor	0.811				
	Corporate partnership involvement	0.854				
	Patron's message	0.841				
	Statement of key committee members	0.817				

(continued on next page)

Table 1: (continued)

Constructs	Items	Loadings	Cronbach's alpha	rho_A	CR	AVE
Trust	I trust that the <i>waqf</i> institution will act as anticipated	0.907	0.953	0.957	0.964	0.843
	I believe that the <i>waqf</i> institution will realise its obligations	0.922				
	I am confident that the <i>waqf</i> institution will always act in the best interest in the cause of <i>waqf</i>	0.943				
	I trust that the <i>waqf</i> institution will use <i>waqf</i> funds appropriately	0.934				
	I believe that the <i>waqf</i> institution will not exploit their donors	0.882				
Commitment	I intend to continue giving cash <i>waqf</i> in the future	0.897	0.935	0.936	0.951	0.794
	I am likely to repeat contributing to the cash <i>waqf</i> donation in the future	0.900				
	I always feel involved with <i>waqf</i>	0.879				
	I am committed to cash <i>waqf</i> contribution	0.912				
	I feel a sense of belonging to cash <i>waqf</i>	0.867				

Note: AVE = average variance extracted; organisation name, organisation address, organisation regulatory, tax exemption status, where the money allocated, statement of changes in charitable funds, were deleted due to low loading

### Convergent validity

The value of the AVE was examined to measure the model's convergent validity. As suggested by Bagozzi and Yi (1988), the value of AVE should be 0.5 or greater for this validity to achieve. All constructs in Table 1 achieved the recommended threshold value of 0.5 ranging between 0.573 and 0.843 indicating the model has adequate convergent validity.



### Discriminant validity

Fornell and Larcker (1981) criterion and heterotrait-monotrait (HTMT) test were used to measure the model's discriminant validity. The validity of the the model is determined when all the correlations between the measure and all other measures are lower than the square root of AVE and the indicators' loadings are higher against their respective construct compared with other constructs. The model is considered to have discriminant validity when the value of HTMT is lower than 0.9.

In Table 2, the bolded values represent the square roots of the AVE; while the non-bolded values represent the inter-correlation between the constructs. All off-diagonal elements are lower than the square roots of AVE (bolded on the diagonal). Hence, Fornell and Larker's criterion was met.

Table 2  
Fornell and Larcker's inter-correlation matrix

	BAS	COMM	FIN	FUT	GOV	NON	TRU
BAS	<b>0.758</b>						
COMM	0.281	<b>0.891</b>					
FIN	0.499	0.574	<b>0.784</b>				
FUT	0.571	0.322	0.548	<b>0.832</b>			
GOV	0.583	0.400	0.583	0.645	<b>0.882</b>		
NON	0.583	0.346	0.501	0.649	0.754	0.805	
TRU	0.602	0.349	0.580	0.773	0.776	0.799	<b>0.802</b>

Note: BAS = basic background information disclosure, COMM = commitment, FIN = financial information disclosure, FUT = future information disclosure, GOV = governance information disclosure, NON = non-financial information disclosure, TRU = trust

Table 3  
HTMT test

	BAS	COMM	FIN	FUT	GOV	TRU
BAS						
COMM	0.302					
FIN	0.531	0.603				
FUT	0.608	0.337	0.571			
GOV	0.629	0.420	0.612	0.672		
NON	0.639	0.366	0.530	0.674	0.790	
TRU	0.649	0.361	0.603	0.800	0.804	

Note: If the HTMT value is below 0.90, discriminant validity has been established between two reflective constructs.

Table 3 shows the HTMT output by using SmartPLS. As suggested by Gold et al. (2001) and Henseler et al. (2014), the value of HTMT for each construct in this research is lower than 0.9. Thus, all the constructs in this research do not have a discriminant validity problem. On the whole, the tests of reliability and validity performed on the measurement model are satisfactory. All reliability and validity tests are established, and this is an indicator that the measurement model for this survey is appropriate and valid to be employed to estimate parameters in the model structure.

## Structural Model

To measure the structural model, Hair et al. (2017) suggested looking into coefficient of determination ( $R^2$ ), beta and the corresponding  $t$ -values. A procedure of bootstrapping with 1000 resamples is used to acquire the  $t$ -values. On top of these fundamental measures, researchers are supposed to report predictive relevance ( $Q^2$ ) and effect sizes ( $f^2$ ) (Hair et al., 2017; Soto-Acosta et al., 2016) as well. Furthermore, this research also assesses the mediating relationships that were proposed.

## Path coefficients

The term “path coefficient” that is derived from Wright (1921) is a particular diagram-based approach that was used to consider the relations between variables in a multivariate system.

As stated by Hair et al. (2017), the path coefficients must surpass 0.100 to account for a particular impact within the model and be significant at least at the 0.05 level of significance. In reference to Table 4, BAS ( $\beta = 0.156, p < 0.01$ ), FUT ( $\beta = 0.215, p < 0.01$ ), and GOV ( $\beta = 0.205, p < 0.01$ ) were positively related to trust explaining 10.6% of the variance in the trust. However, FIN ( $\beta = -0.01, p > 0.05$ ) and NON ( $\beta = -0.01, p > 0.05$ ) were not related to trust.

Next, for the antecedent to commitment, BAS ( $\beta = 0.003, p > 0.05$ ), FIN ( $\beta = 0.087, p > 0.05$ ), and NON ( $\beta = 0.043, p > 0.05$ ) were not related to COMM. Nevertheless, FUT ( $\beta = 0.209, p < 0.01$ ) and TRU ( $\beta = 0.347, p < 0.01$ ) were positively related to commitment explaining 20.3% of the variance in the commitment.

Table 4  
Result of the structural path analysis

Relationship	Std Beta	Std Error	t-value	P-value	Decision	$f^2$	$R^2$	$Q^2$
BAS → COMM	0.003	0.054	0.051	0.480	–	0	0.268	0.203
FIN → COMM	0.087	0.072	1.214	0.112	–	0.004		
NON → COMM	0.043	0.082	0.525	0.300	–	0.001		
FUT → COMM	0.209	0.066	3.173**	0.001	Supported	0.02		
GOV → COMM	–0.008	0.07	0.113	0.455	–	0		
BAS → TRU	0.097	0.052	1.851*	0.032	Supported	0.006	0.106	0.088
FIN → TRU	–0.010	0.086	0.114	0.455	–	0		
NON → TRU	–0.148	0.103	1.432	0.076	–	0.005		
FUT → TRU	0.215	0.068	3.142**	0.001	Supported	0.018		
GOV → TRU	0.205	0.081	2.525**	0.006	Supported	0.015		
TRU → COMM	0.347	0.044	7.952**	0.000	Supported	0.147		

Note: BAS = basic background information disclosure, COMM = commitment, FIN = financial information disclosure, FUT = future information disclosure, GOV = governance information disclosure, NON = non-financial information disclosure, TRU = trust \* =  $P < 0.05$  ; \*\* =  $P < 0.01$

### The coefficient of determination ( $R^2$ )

Figure 1 shows that background information disclosure, financial information disclosure, non-financial information disclosure, future information disclosure, and governance information disclosure are able to explain 10.6% of the variance in trust. However, trust explains 26.8% of the variance in commitment. According to Chin (1998), 10.6% of the  $R^2$  value is considered weak, and the value of  $R^2$ , 26.8% which is close to 33.3%, is considered average.

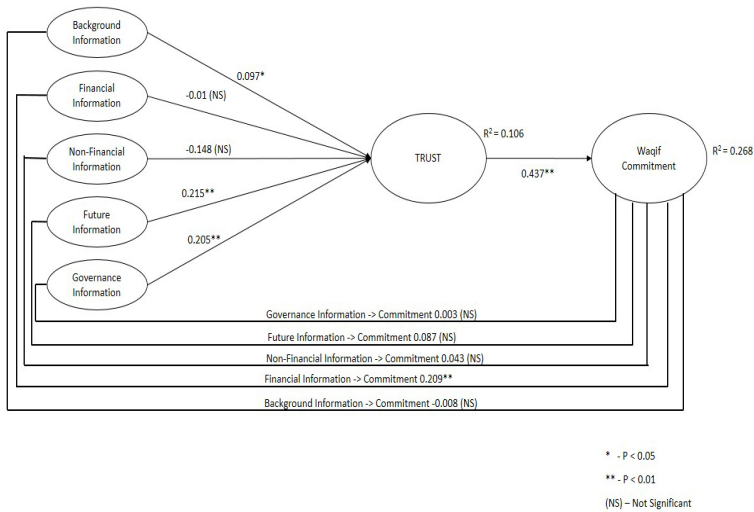


Figure 1. Results of structural model

### Predictive relevance ( $Q^2$ )

As asserted by Henseler et al. (2010), the law of thumb specifies that a cross-validated redundancy  $Q^2 > 0$  is considered as a predictive model. Based on Table 4, the  $Q^2$  values are more than 0, ranging from 0.088 (trust) to 0.203 (commitment), suggesting that the model has sufficient predictive relevance.

### Effect size ( $f^2$ )

To assess the magnitude of the effect size, this research used Jacon Cohen (1987) recommendation, which is 0.02, 0.15, and 0.35, indicating small, medium, and large effects, respectively. Referring to the  $f^2$  values in Table 4, it can be noted that only the relationship between trust and commitment has a medium effect size with a value of  $f^2 = 0.147$ , while other relationships did not attain even the small effect size values except the relationship between future and commitment with a value of  $f^2 = 0.002$ .

### Mediating Analysis

According to Zhao et al. (2010), there is a relationship between independent variables, mediator variables, and dependent variables which is sufficient for mediation analysis.

The current study examined the mediation effect of trust between information disclosure and commitment. Morgan and Hunt (1994) proposed CTT of relationship marketing, and MacMillan et al. (2005) and many other researchers support this. Specifically, the commitment-trust theory is founded on that belief that two fundamental factors, trust, and commitment, are vital to ensure the success of a relationship. For the relationship between information disclosure and commitment, Sargeant and Jay (2011) indirectly confirmed that information on the fundraiser's performance is positively related to donor's commitment. In the current research, performance information as per Sargeant and Jay (2011) was expanded to include information disclosure which consists of information related to background, finance, non-finance, the future, and governance. Sargeant et al. (2006) discovered that performance information was positively related to the donor's trust. Hence, the current study tested the effect of trust as a mediator in the relationship between trust and commitment.

This research used Preacher and Hayes (2008) bootstrapping method to analyse the indirect effect of the variables. The bootstrapping analysis (with two tails) revealed (see Table 4) that the indirect effect of trust between FUT ( $\beta = 0.074$ ,  $t$ -value  $> 2.58$ ) and GOV was significant with a  $t$ -value of 2.961 and 2.365, respectively. This research also confirms there is mediation given that the indirect effect of 0.074, 95% confidence interval (CI): [Lower Limit (LL) = 0.029, Upper Limit (UL) = 0.13] and 0.071, 95% CI: [LL = 0.016, UL = 0.136] does not straddle a 0 in between. Therefore, the mediation effect of trust on the relationship between basic information disclosure, governance information disclosure, and commitment are statistically significant. Therefore, H4<sub>d</sub> and H4<sub>e</sub> are supported.

Table 5  
Indirect analysis

Relationship	Std Beta	Std Error	t-value	Decision	LL	UL
BAS → COMM	0.034	0.019	1.812	No	-0.002	0.071
FIN → COMM	-0.003	0.029	0.115	No	-0.06	0.055
NON → COMM	-0.051	0.038	1.342	No	-0.132	0.015
FUT → COMM	0.074	0.025	2.961	<b>Yes</b>	0.029	0.13
GOV → COMM	0.071	0.030	2.365	<b>Yes</b>	0.016	0.136

Note:  $t$ -value is two tails; BAS = basic background information disclosure, FIN = financial information disclosure; NON = non-financial information disclosure; FUT = future information disclosure; GOV = governance information disclosure; COMM = commitment

The same method was adopted to examine the indirect effects of BAS, FIN, and NON on trust. With *t*-value of 1.812, 0.115, and 1.342, the indirect effect of ( $\beta = 0.034$ ), ( $\beta = -0.003$ ), and ( $\beta = -0.051$ ) at 95% Boot CI: [LL = -0.002, UL = 0.071], [LL = -0.06, UL = 0.055], and [LL = 0.016, UL = 0.136], respectively were not significant and does straddle a 0 in the interval. Thus, there is no mediation effect. It can be surmised that trust does not significantly mediate the relationship between basic background information disclosure and commitment, financial information disclosure and commitment, and non-financial information disclosure and commitment.

## RESULTS AND ANALYSIS

Information disclosure in this study was divided into five variables: basic background information, financial, non-financial, future information, and governance as per Zainon et al.'s (2011) institutional donors' expectations of information from reporting non-profit organisations (ChoRI). Their findings suggested that information disclosure did not have a direct impact on commitment, with only future information disclosure having a significant positive relationship with commitment. There are no theories or prior empirical data to back up or refute any claim. Although some information disclosure items are very important to donors, they do not always affect the commitment. Zainon et al. (2011) also found a positive significant relationship between future information disclosure and *waqif* commitment.

The *waqif* institution's vision, mission, core values, statements on objectives, budget, strategic planning, planned future activities, and targeted future donations are seen as critical by the *waqif*. The current study also bolstered the findings of previous empirical research. Effendi and Israhadi (2021) revealed that budget information is important to donors which is consistent with the findings of this study. The importance of future information disclosure was also supported by Gordon and Khumawala (1999), Hyndman (1990), Martin (1994), and Seville (1987), who discovered that planning information is critical to donors. Furthermore, donors are said to value information about future activities (Johns, 2004; Sargeant & Jay, 2011) and about mission and vision and this corresponds to the findings of this study (Oliveira et al., 2021).

In general, in Malaysia, most information disclosure has no effect on the *waqif*'s commitment for cash donation. To the best of the author's knowledge, no research has been undertaken to understand why *waqifs* in Malaysia are less concerned with information disclosure. Future research can delve into this behaviour.

According to coefficient analysis, basic background information disclosure, future information disclosure, and governance information disclosure all have a significantly positive relationship with trust. Financial and non-financial information disclosure, on the other hand, does not predict Trust significantly. The empirical evidence that information of performance has a positive effect on trust, as stated previously, supports the proposition that information disclosure has a significant relationship with trust (Sargeant et al., 2006). Zainon et al. (2011) confirmed that in addition to the performance information, donors value other information but they did not investigate the relationship between information disclosure and trust.

Even while not every information disclosure has a major impact on the *waqif's* trust, it nevertheless has a favourable association. This result is consistent with (Bugshan & Attar, 2020), who reported that “information sharing” is an important communication factor that strongly influences the degree of trust. Further, research has shown that donors who are aware of an accreditation system have higher faith in charity and, as a consequence, contribute more money (Bekkers, 2003).

The link between trust and commitment is not new and it is discussed in exchange theories (Hobart et al., 1988). This is also consistent with the idea of commitment-trust developed by Morgan and Hunt (1994) that every successful customer relationship is based on trust and commitment. However, since the notion of commitment-trust is based on marketing, it may not be applicable to charities approach (Millet, 2020).

The results of this study show that trust merely mediates the association between future information disclosure and *waqif* commitment, and between governance information disclosure and *waqif* commitment. The remainder of the partnership was shown to be unimportant. Almost no previous studies have examined trust as a mediator in the relationship between *waqf* and *waqif*. The importance of trust as a mediator between future and governance information disclosure and commitment has been studied and confirmed by was examined by Hassan et al. (2017). Nonetheless, the results have been inconsistent and contradictory. Perhaps the inconsistency is due to the respondents' demographic differences. According to Rutherford and Ahlgren (1991), the designs of human society change from location to location, period to era, and culture to culture making the social world a tremendously complex and dynamic environment. Hence, a comparative study utilising this research approach across countries such as the United Kingdom, middle-income nations such as Malaysia, and third-world nations may offer a better perspective.

## CONCLUSION

In conclusion, the findings of this research and those of previous studies are not consistent. Perhaps the inconsistency is due to the demographic difference of respondents. Rutherford and Ahlgren (1991) argued that the designs of human society vary from place to place and era to era and across cultures, making the social world a very complex and dynamic environment. A comparative study between a developed country such as United Kingdom, a developing country like Malaysia, and a third world country, for example, Yemen, would provide a more accurate result.

The current research showed a positive relationship between information disclosure and the *waqif*'s commitment, information disclosure and *waqif*'s trust, and the *waqif*'s trust and their commitment. The model used in this study was adopted from an earlier study by the same authors (Abd Jalil et al., 2019). This study has to an extent contributed to knowledge on this topic benefitting from a fresh perspective of social exchange theory. The findings of this research are also useful for the stakeholders, such as *waqf* institution, governments, and policymakers. The *waqf* institutions benefit by using suggested strategies to raise cash from the *waqif*, for example by gaining the trust of the latter. Among the ways to gain the trust of donors is by being transparent and disclosing important relevant information. Additionally, the institutions should never breach or betray their (*waqif*) trust as once the latter's trust is lost, it would be difficult to re-establish trust, risking their non-involvement henceforth. As stated by Fairley et al. (2019), "in reality, people typically use their own beliefs to guide their decision-making and assess the likelihood of positive or and negative outcomes."

The government bodies and the policymakers have an obligation, as suggested by the current findings, to ensure the development of the *waqf* assets are on the right track. The *waqf* institutions in Malaysia as of now is not obligated to disclose or publish its annual reports. The practice of disclosing the annual report to *waqif* can increase the efficiency of *waqf* institutions because they do not want to be judged poorly by the donors. Therefore, it is clear that mandatory information disclosure is essential in reviving abandoned or stagnating *waqf* assets.

This study only reported on the effects of information disclosure on trust and commitment. There are dozens of items that measure the variables of information disclosure, such as performance, cash flow, the name of the institution, and vision and mission among others. Future research should examine the extent to which each item affects trust and disclosure.



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## NOTE

1. The statement is depicted from the Assistant Governors of Bank Negara Malaysia (BNM) speech in 2018 during the “Waqf: An Economic Perspective” forum. Retrieved from: [http://www.bnm.gov.my/index.php?ch=en\\_speech&pg=en\\_speech&ac=794&lang=bn](http://www.bnm.gov.my/index.php?ch=en_speech&pg=en_speech&ac=794&lang=bn)

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