

COMPARISON OF GOVERNMENT AND PRIVATE BASED WAQF INSTITUTIONS MANAGEMENT: CASE STUDY OF INDONESIA AND MALAYSIA

Raditya Sukmana^a, Anwar Allah Pitchay^b & Mohamad Isa Abd Jalil^{c*}

^a*Faculty of Economics and Business, Universitas Airlangga, Indonesia*

^b*School of Management, Universiti Sains Malaysia*

^c*Labuan Faculty of International Finance, Universiti Malaysia Sabah*

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ABSTRACT

The present study aims to compare two (2) different types of management, i.e., privatisation and nationalisation, in managing waqf assets development. We compared the experiences of two (2) countries; firstly, Malaysia, which is controlled by the government-based institution, and secondly, Indonesia, which is governed by the private based institution. Therefore, this issue has prompted the purpose of this study; first (1st) to investigate and compare waqf assets development in both countries; second (2nd) to explore issues faced by both countries in developing waqf assets and third (3rd) solutions for the future direction of waqf practice in both countries. To achieve this objective, we employed two different methods which are library research and field research. Library research data comprised of secondary data where information is extracted from waqf institutions' annual reports and websites, relevant books, journals, internet websites and scientific conference papers were utilised. Meanwhile, field research involves information gathered from expert interviews. In the context of Malaysia, we interviewed eight (8) respondents which comprised of four (4) waqf institution officers, three (3) academic researchers and one (1) Bank officer who offers cash waqf product. Meanwhile, in the context of Indonesia, we interviewed four (4) waqf institution officers. The data are analysed based on the inductive approach. Based on the experts' interviews, we identify three (3) major themes and eight (8) subthemes that explained the condition of the waqf management in both countries. We find that waqf institutions in both countries faced similar issues in management such as lack of expertise in economic and finance employed in waqf institution, lack of standardisation in financial reports and also lack of capital to develop the waqf assets. Besides management issues, we find that Muslims in both countries have low literacy levels about waqf due to confusion and lack of practice of waqf in society and to improve this situation, the waqf institutions in both countries are educating the Muslims on the importance of waqf through various programmes. Moreover, we discover that the younger generation in Malaysia could not contribute waqf in the form of fixed assets due to the scarcity of land and the high value of land and building, especially in urban areas. The final theme relates to the solution for both countries in developing waqf assets. We find that experts from both countries recommended the promotion of waqf in the form of cash. This is the ideal solution in the present day to not only rejuvenate waqf assets development but also motivate the younger generation to contribute cash waqf. Besides this, the experts are also concerned about the stringent law imposed on waqf assets development. Thus, the experts suggested flexibility

* Corresponding author: Mohamad Isa Abd Jalil PhD, Senior Lecturer, Labuan Faculty of International Finance, Universiti Malaysia Sabah, Federal Territory of Labuan, Malaysia. E-mail: isa@ums.edu.my

in the law, especially to the use of the *istبدال* (exchange) method to develop waqf lands. The analysis of the study is derived based on qualitative research, and the respondents participating in the study are limited to experts in the field of waqf. Thus, future research in this area may include analysis of interviews related to waqf practise from the perspectives of ordinary Muslims and also distributing the questionnaire to a bigger sample of the population to gauge wider opinion about waqf in both countries. This paper provides an opportunity for further empirical studies to prove that the development of waqf has a significant influence based on the management structure. Furthermore, the outcome of this research provides positive implications for the policymakers from both countries in overcoming problems and also rejuvenating the role of waqf development in their respective countries. This study gauge the two (2) different environment of waqf assets management from two (2) different countries in managing waqf properties using approaches of management.

ABSTRAK

Kajian ini bertujuan untuk membandingkan dua (2) jenis pengurusan yang berbeza, iaitu penswastaaan dan nasionalisasi, dalam mengurus pengembangan aset wakaf. Penulis membandingkan pengalaman dua (2) negara; pertama, Malaysia, yang dikendalikan oleh institusi berbasis pemerintah, dan kedua, Indonesia, yang ditadbir oleh institusi yang berpusat di swasta. Oleh itu, isu ini mendorong tujuan kajian ini; pertama (1) untuk menyiasat dan membandingkan pembangunan aset wakaf di kedua-dua negara; kedua (ke-2) untuk meneroka isu-isu yang dihadapi oleh kedua-dua negara dalam mengembangkan aset wakaf dan ketiga (ke-3) penyelesaian untuk hala tuju amalan wakaf pada masa depan di kedua-dua negara. Untuk mencapai objektif ini, penulis menggunakan dua kaedah berbeza iaitu penyelidikan perpustakaan dan penyelidikan lapangan. Data penyelidikan perpustakaan terdiri dari data sekunder yakni informasi diperolehi daripada laporan tahunan dan laman sesawang institusi wakaf, buku, jurnal, laman sesawang dan makalah persidangan ilmiah yang digunakan. Selain itu, penyelidikan lapangan melibatkan maklumat yang dikumpulkan dari temu ramah pakar. Dalam konteks Malaysia, penulis menemu ramah lapan (8) responden yang terdiri daripada empat (4) pegawai institusi wakaf, tiga (3) penyelidik akademik dan seorang (1) pegawai Bank yang menawarkan produk wakaf tunai. Di samping itu, dalam konteks Indonesia, penulis mewawancarai empat (4) pegawai institusi wakaf. Data dianalisis berdasarkan pendekatan induktif. Berdasarkan wawancara pakar, penulis mengenal pasti tiga (3) tema utama dan lapan (8) subtema yang menjelaskan keadaan pengurusan wakaf di kedua-dua negara. Penulis mendapati bahawa institusi wakaf di kedua-dua negara menghadapi masalah yang sama dalam pengurusan seperti kekurangan kepakaran dalam bidang ekonomi dan kewangan yang digunakan di institusi wakaf, kurangnya penyeragaman dalam laporan kewangan dan juga kekurangan modal untuk mengembangkan aset wakaf. Selain masalah pengurusan, penulis mendapati bahawa umat Islam di kedua-dua negara mempunyai tahap literasi yang rendah mengenai wakaf kerana kekeliruan dan kurangnya amalan wakaf dalam masyarakat dan untuk memperbaiki keadaan ini, institusi wakaf di kedua-dua negara memberi kesedaran kepada umat Islam mengenai pentingnya wakaf melalui pelbagai program. Lebih-lebih lagi, kita dapati bahawa generasi muda di Malaysia tidak dapat menyumbang wakaf dalam bentuk aset tetap kerana kekurangan tanah dan nilai tanah dan bangunan yang tinggi, terutama di kawasan bandar. Tema terakhir berkaitan dengan penyelesaian bagi kedua-dua negara dalam mengembangkan aset wakaf. Penulis mendapati bahawa pakar dari kedua negara menganjurkan promosi wakaf dalam bentuk wang tunai. Ini adalah penyelesaian yang ideal pada masa kini untuk tidak hanya meremajakan pembangunan aset wakaf tetapi juga memotivasi generasi muda untuk menyumbang wakaf tunai. Selain itu, para ahli juga prihatin dengan undang-undang ketat yang dikenakan pada pengembangan aset wakaf. Oleh itu, para ahli menyarankan fleksibilitas dalam undang-undang, terutama pada penggunaan metode *istبدال* (pertukaran) untuk mengembangkan tanah wakaf. Analisis kajian diperoleh berdasarkan kajian kualitatif, dan responden yang mengambil bahagian dalam kajian ini hanya terhad kepada pakar dalam bidang wakaf. Oleh itu, penyelidikan masa depan di bidang ini mungkin merangkumi analisis wawancara yang berkaitan dengan amalan wakaf dari perspektif umat Islam biasa dan juga menyebarkan soal selidik kepada sampel populasi yang lebih besar untuk mengukur pendapat yang lebih luas mengenai wakaf di kedua-dua negara. Makalah ini memberi peluang untuk kajian empirik lebih lanjut untuk membuktikan bahawa pengembangan wakaf mempunyai pengaruh yang signifikan berdasarkan struktur pengurusan. Selanjutnya, hasil penyelidikan ini memberikan implikasi positif bagi pembikin dasar bagi kedua-dua negara dalam menangani masalah dan juga meremajakan peranan pembangunan wakaf di negara masing-masing. Kajian ini mengukur dua (2) persekitaran pengurusan aset wakaf yang berbeza dari dua (2) negara yang berbeza dalam menguruskan harta wakaf menggunakan pendekatan pengurusan.

Keywords: Waqf (Endowment), Government, Private

1. Introduction

Waqf institution has contributed significantly to the development of Islamic civilisation throughout history. The donors' assets have been transformed into various types of infrastructures that are currently financed by the government (Abd Jalil, Yahya, & Allah Pitchay, 2019). For example, infrastructures such as education centres, hospitals, national security, commercial and business activities, logistics, supporting the agricultural activities, including industrial sectors without any cost to the ruler (Mohsin, 2009). The uniqueness of the waqf institution is that this institution aims to redistribute waqf assets to beneficiaries while seeking the compound rewards in the Hereafter. However, the practice of waqf among Muslims has become less popular and neglected due to various issues related to management (Ihsan & Mohamed Ibrahim, 2011).

We can currently find most of the Islamic countries with waqf assets but are unable to flourish and benefit the people due to management constraints. Different countries have different ways of managing the waqf assets, for example, countries like Malaysia and Indonesia where Malaysian waqf assets are managed by the government. Meanwhile, Indonesian waqf assets are managed not only by the government but by private institutions as well. In the Malaysian context, waqf donors must contribute waqf assets to the government-appointed body called State Islamic Religious Councils (SIRCs). Reports in the Portal i-Wakaf currently estimate the total amount of waqf lands as recorded by the SIRCs to be around 8,861.13 hectares which are worth RM63,729,855 (Megat Abd Rahman et al., 2006). Although SIRCs have a huge number of potential waqf lands, most of these are still idle. According to the former director of Jabatan Wakaf, Zakat dan Haji (JAWHAR), Datuk Dr Sohaimi Mohd Salleh, 99.28 per cent of the waqf lands remain undeveloped, and the Malaysian government becomes the main source of funds to develop waqf assets. Meanwhile, in the context of Indonesia, data obtained from Badan Wakaf Indonesia (BWI) which is the government body in charge of waqf, shows that there exist 435,395 locations of waqf land with the total amount recorded to be 414,246,429 hectares worth approximately USD 178 Billion. Moreover, the potency of Cash waqf in Indonesia is also huge. According to Cholil Nafis, vice secretary of BWI, if 20 Million wealthy Indonesian Muslims donate cash waqf as much as USD 7 per month, they will be able to collect cash waqf totalling up to USD 1700 Million annually. In terms of the management of waqf in Indonesia, while BWI primarily acts as the regulator, it also has the right to be a Nazir (also known as the trustee). Besides BWI Indonesian waqf assets is also managed by the private sector, such as Dompot Dhuafa which is well managed and effectively developing waqf assets. Therefore, in this study, we aim to explore three (3) fundamental objectives which are; (1) to explore the constraints of waqf institution in Malaysia and Indonesia in developing waqf assets, (2) to explore the perceptions of the Muslim community on waqf practise and (3) to propose solutions to the development of waqf assets in Malaysia and Indonesia.

2. The management of Waqf in Indonesia and Malaysia

One of the most visible practises in a country with a Muslim majority population is the practice of waqf. The development of religious infrastructures such as mosques, religious schools, and cemeteries demonstrates the impact of waqf practises. Waqf practices have an impact beyond religious practises in some places, such as water supply, health clinics, and roads.

In Islam, one kind of gift is known as waqf. Waqf means 'stop'. When a waqf giver (*waqif*) agrees to make a portion of his property waqf property, the property's ownership status ends. The endowed property belongs to Allah, but the advantages may be enjoyed by Muslims indefinitely.

Waqf practise is highly valued in Islam, according to Islamic law. Allah explains the benefits of waqf in the Qur'an, specifically in surah al-Baqarah (verse 261).

مَثَلُ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ كَمَثَلِ حَبَّةٍ أَنْبَتَتْ سَبْعَ سَنَابِلٍ فِي كُلِّ سَنَابِلَةٍ مِائَةٌ حَبَّةٌ وَاللَّهُ يُضَاعِفُ لِمَنْ يَشَاءُ وَاللَّهُ وَاسِعٌ عَلِيمٌ

The parable of those who spend their wealth in Allah's Way is as the parable of grain; it grows seven ears, and in each ear, there are a hundred grains. Allah gives manifold increase to whom He wills. And Allah is All-Embracing, All-Knowing.

Indonesia

Indonesia has a long history with waqf which can be divided into five phases, namely; before 1905, during 1905-1953, the old order, new order, and finally the reform order. In the first phase, the waqf was embedded in the form of cultural law based on Islamic teaching. Meaning to say, there is no specific regulation on waqf. The unwritten cultural law catered for the social interaction within the community, and the waqf was part of it. During that time, despite adopting the view of the Shafie school of thought, another school of thought was also accepted in managing the waqf. With regards to the administration of the waqf in the first phase, little information has been revealed.

The second phase of managing waqf was from 1905 to 1953. In 1905 the Dutch colonial issued a letter requesting the local government to administer all the places of worship (including waqf based mosques). The Dutch did not forbid the establishment of mosques, but they only required the mosque to be administratively recorded by the local government (Saleem, 2010). Then in 1931, the Dutch issued a letter stating that those who wanted to donate waqf need to get approval from the local government, particularly on the issues of the waqf donation purpose. Furthermore, the waqf asset will be maintained by the Islamic court of law. To strengthen the role of government, the Dutch then issued another letter in 1934 declaring that the scope of responsibility of the local government had extended to include a judge who presides over the waqf dispute cases. The following year, another letter was issued concerning the terms and conditions in donating waqf.

During the old order, particularly in 1935, the Religious Department had created instruction on the waqf, which was the improvement of the previous waqf law considered ambiguous (Saleem, 2010). As the waqf gained more attention, the 1960 agrarian act no '5' was revealed, and the issues of waqf lands were regulated in chapters 5, 14 and 49. The government was supported basically by the existence of waqf lands, and the government roles are to maintain those lands and utilise them for religious purposes. The new order (1968-1998) was characterised by the issuance of the waqf management in detail. For example, the government law on waqf no 28 the year 1977 was derived from the agrarian act no '5' the year 1960. From this government law, several regulations from two ministries had been revealed, the ministry of religion, the ministry of internal affairs and several governor instructions.

Finally, the government issued Kompilasi Hukum Islam (KHI-Islamic Law Compilation) as the main reference for the judicial decisions on the issues of marriage, inheritance and waqf in 1991. In this compilation, waqf is defined as the activity by the law of a person or group which give part of the assets for religious purposes or public interest according to the Islamic law (Haq, 2013). This compilation opens the way for people who wants to donate waqf but not in the form of land. Reformation-era starts from the fall of the late president Suharto. During this phase, Majelis Ulama Indonesia (MUI) issued a fatwa on cash waqf on 11 May 2002, which allows cash to be part of waqf assets. Two years later, the Waqf Act no 41 the year 2004 was issued, and it introduced the cash waqf as a response to the cash waqf operation by

Prof Abdul Mannan (social investment bank) from Bangladesh. That act also explains the duration of the waqf as well as the regulator of waqf.

Malaysia

The state of Johor was the first state to document written legal provisions concerning waqf known as Enakmen Larangan Wakaf 1911 (Waqf Prohibition Enactment 1911). It was then followed by Perak, which introduced Enakmen Kawalan Wakaf 1951 (Control of Waqf Enactment 1951). Perak Waqf Enactment was then updated and renamed as Peraturan Kawalan Wakaf 1959 (Perak Control of waqf Rules 1969) (Hisham, Jaseran, & Jusoff, 2013).

In short, the history of waqf in Malaysia can be traced back to the past hundred years, and Selangor was the first state to authorise the SIRC as the trustee of waqf properties in 1952 (Selangor Administration of Muslim Law Enactment, 1952). The move was then followed by Kelantan in 1953 (Kelantan Council of Religion and Malay Custom and Kathi's Courts Enactment, 1953), Terengganu in 1955 (Terengganu Administration of Islamic Law Enactment, 1955), Pahang in 1956 (Pahang Administration of the Law of the Religion of Islam Enactment, 1956), Melaka in 1959 (Malacca Administration of Muslim Law Enactment, 1959), Pulau Pinang in 1959 (Penang Administration of Muslim Law Enactment, 1959), Negeri Sembilan in 1960 (Negeri Sembilan Administration of Muslim Law Enactment, 1960), Kedah in 1962 (Kedah Administration of Muslim Law Enactment, 1962), Perlis in 1963 (Perlis Administration of Muslim Law Enactment, 1963), Perak in 1965 (Perak Administration of Muslim Law Enactment, 1965), Federal Territory in 1974 (Federal Territory Administration of Muslim Law Enactment, 1974), Sabah in 1977 (Sabah Administration of Muslim Law Enactment, 1977), Johor in 1978 (Johor Administration of Islamic Law Enactment, 1978) and Sarawak in 2001 (Majlis Islam Sarawak Ordinance, 2001).

The absence of legal provisions for the administration of waqf in the past had resulted in inefficient and disorganised administration of waqf lands or properties. People who intended to endow their land as general or special waqf would just orally declare their intention to surrender their lands as charitable endowments (waqf) in the presence of two Muslim witnesses. The act was then followed by the appointment of an individual waqf manager or group of managers to administer and manage the land. The administration of waqf lands during those days was almost effortless as the society abides by any jurisprudence concerning waqf. The revenue gained from special waqf would be carefully utilised according to the endowers' specific intention and the profits gained from general waqf would be used to support a diversity of charitable work which could benefit the Muslim communities. There were hardly any cases of breach of trust or reclaiming/repossession of endowed land by the beneficiaries reported.

Besides, the absence of legal provisions for the administration of waqf lands had also resulted in the appointment of waqf managers from selected groups of people who were trusted and well-respected by the local community such as pious leaders, religious teachers, imams, heads of villagers and mosque committee members even though some of them were not capable of administering, managing and developing the waqf lands. In some cases, the title deeds of the waqf lands were transferred into their names, while in other cases, some of the endowed lands were not registered as waqf but remained registered under the endowers' names. This was due to the managers' failure to systematically record the properties which had been endowed. This unsystematic and disorganised way of administering and managing the waqf land continued until the SIRC was established and the Enakmen Pentadbiran Hukum Syarak Negeri-Negeri di Malaysia (the Administration of Islamic Law Enactment) was introduced. The SIRC has then been entrusted with the power to act as the sole trustee for all waqf properties or *nazr 'am* in Malaysia. Consequently, disorganised administration and management of waqf such as the absence of written records of waqf land and failure to register waqf lands have left the SIRC with two major problems to solve. Firstly, the SIRC has difficulties in identifying the actual number, size and locations of the waqf lands. Secondly, the SIRC also has problems in claiming the rights as the sole trustees of the

unregistered waqf. The problems will become more complicated if the endowers themselves or the appointed managers of the waqf land have passed away and the heirs claimed that the properties were not rightfully declared as waqf by their late parents or family members. Some of the land and properties have only been traced by the council after they have been manipulated for non-charitable purposes.

Nowadays, most scholars have a diverse scope of issues such as management of the waqf institution (Anwar Allah Pitchay & Mohamad I’sa Abd Jalil, 2016; Deguilhem, 2008; Hassan & Shahid, 2010), financing (Kahf, 1998; Mohammad, 2009; Mohsin, 2009), and accountability (Ihsan & Mohamed Ibrahim, 2011; Manat, 2007). The issues that are explored by the researchers are based on the needs of waqf institutions in a particular country. Hoexter (1998) states that there is a variation with regards to the development in every country which influence the local political, economic and cultural conditions. Therefore, with this evolution of waqf studies, the present study extends the contribution in this unique area based on the current practice of waqf in a Muslim country such as Malaysia and Indonesia.

3. Research methodology

The research design employed in the present study is a qualitative method. McMillan and Schumacher (1993, p. 479) defined qualitative research as “primarily an inductive process of organising data into categories and identifying patterns (relationships) among categories.” This definition implies that data and meaning emerge “organically” from the research context. Wiersma (1995) summarised the common assumption of the qualitative research process. The summarised common assumptions are; (1) the phenomena are viewed in its entirety or holistically. It is not possible to reduce complex phenomena into few interdependent and independent variables; (2) investigators research in ‘nature’. The researcher did not impose their assumption, limitation, and delimitation or definition or research design upon emerging data. The researcher’s role is to record what he or she observes and/ or collect from subjects’ in their natural environment; (3) “ Reality” exists as the subjects see it. The researcher is to record, fully, accurately and unbiased, that reality as seen through the eye of subjects; (4) Post hoc conclusion emerges from the data. A prior conclusion is avoided. Under the qualitative research design, various strategies can be used to execute the research. The appropriate research design strategy employed in the study is a case study. This strategy is constructed to richly describe, explain, or assess and evaluate a phenomenon (e.g. event, person, programme, etc.) (Gall, Gall, & Borg, 2007). The present study aims to acquire information through interviews from the experts, e.g. waqf officers and waqf researchers. There was a total of eight (8) respondents from Malaysia and four (4) respondents from Indonesia participating in the study. The Malaysian respondents comprised of four (4) waqf officers from different states (A, B, C and D) in Malaysia, and four (4) waqf researchers from a public university in Malaysia. Meanwhile, the respondents from Indonesia comprise four (4) officers managing four (4) different waqf institutions. Prior to the interviews, secondary information on waqf development in Malaysia was gathered from annual reports and relevant websites. There are various ways of analysing qualitative data, and the appropriate analysis technique used in this study is ‘Interpretational Analysis’. This approach looks for patterns (threads, constructs, commonalities, etc.) within the data that explain the phenomenon. Therefore, the interview data were transcribed and then the data were filtered according to the pattern or commonalities between the respondents. The following Table 1 and Table 2 provides the interview codes of the interviewees for Malaysia and Indonesia, respectively.

Table 1. Codes of the Interviewees (Malaysia)

No	Expert	Codes
1	A State waqf Officer	S1
2	B State waqf Officer	S2
3	C State waqf Officer	S3
4	D State waqf Officer	S4

5	Researcher A	S5
6	Researcher F	S6
7	Researcher P	S7
8	Islamic Bank Officer R	S8

Table 2. Codes of the Interviewees (Indonesia)

No	Expert	Codes
1	BNB waqf Officer	W1
2	RW waqf Officer	W2
3	WI waqf Officer	W3
4	GW waqf Officer	W4

4. Finding and discussion

This section presents the themes or patterns of the findings derived from the respondents. These themes and patterns are structured according to (1) issues of management in waqf institution; (2) perception of Muslim community on waqf practices in Indonesia and finally; (3) the present solutions to the development of waqf land. The following subsection discussed the findings based on each major objective and followed by several themes which comprised of both countries structure of management. Figure 1 below discussed the issues of management faced by waqf institutions in both countries, Malaysia, and Indonesia.

Themes of the Findings



Figure 1. Theme 1- Issues of Management

Figure 1 above demonstrate the themes identified based on the first research question of the study; issues of management faced by Waqf institutions. There are various responses provided by the experts of both countries. Most experts have different opinions and justification towards issues of management. In the Malaysian context, the experts responded that the lack of expertise is one of the major constraints in the development of Waqf assets by the Waqf institutions. The following are the response by S1, S2 and S4.

“Financial experts have to be inside the waqf institution. Why do we need financial experts? Because they know how to turn some of the waqf lands, as I mentioned to you, into liquid [asset]. So the liquid asset can start to support the various charities activities... because the unproductive fixed asset cannot help ... So we need some financial experts in waqf institution”. S1

“Definitely human resource is the major issue faced by all states [in Malaysia]. In B, there is a need to improve our human resource by hiring staff with economic or business background”. S2

Expertise is needed because eventually when come to land utilisation you need expert or entrepreneurs who have that have skill to see profit potential from that land. So perhaps this lacking from the SIRC who are trusted to oversee the development of waqf land”. S4

The above three (3) views indicated that the waqf institution in Malaysia faced expertise issues. This finding also parallels a past study conducted by Saleem (2010), who finds that the waqf institution in Malaysia is mostly managed by employees with religious studies academic backgrounds. This finding is parallel with the theme identify from the interviews where Waqf institution needs employees who are equipped with economics, accounting, or business-related academics. Similarly, the scenario in Indonesia is unique, where we find that the Waqf institutions are advised by academicians. This practice is new, and the experts justify the action. The followings are a statement from W1, W2 and W4 that were generated from the interview sessions.

“In earliest stage of our development, we hired some academicians in order to make our waqf institution’s development works in parallel with what it supposed to be. (In line with the theory and the literatures about experience of the past). However, the reality tells us otherwise. Those academicians utilise the approach in a more theoretical way and less on the practical which we actually need. [Such] experience leads us to conclude that expertise is not always come from academics. As of now, with regard to human resources we shifted our focus from academician to graduate student and we train [them] to understand field works and challenges”. W1

“In fulfilling the human resource needs for waqf programmes in Rumah Wakaf Indonesia, we need to share some resources’ with our sister organisation, Rumah Zakat.” W2

“Global Wakaf is a relatively new waqf institution. Due to its infancy, many of our staffs are shared between us and our parent organization, the Aksi Cepat Tanggap (ACT). So, we are still relying on ACT’s resources to maintain our management, despite we have our own media to promote our programmes”. W4

Besides the common issues shared with the waqf institution in Malaysia, this is an interesting practice of the Indonesian waqf Institutions. However, the expert opinions claimed that even the academicians’ involvement did not lead to the expected improvement. Therefore, to improve the management of waqf institutions, the management shifted the focus on graduate students and trained them to elevate the management of waqf in Indonesia. Both these countries, Indonesia, and Malaysia seem to experience similar constraints related to the lack of expertise in the waqf institution. This issue sometimes depends on the availability of the economics or strategic management position, which may not exist in waqf institution. The subsection of Figure 1 identifies that Waqf institutions from both countries faced problems in preparing financial reports.

“We find every states in Malaysia couldn’t offer proper financial report that explain the present condition of Waqf development”. S2

“Our greatest concern for the waqf management today is the absence of established financial reporting standard(s). In the absence of these standard(s), we are unable to maintain reliable financial reports that are required by Sharia laws”. W2

The above two comments show that developing a financial report has become one of the major constraints for the waqf institution. Any institution that deals with monetary should emphasise the seriousness in producing the financial report. The following Figure 2 demonstrates the theme of perception of Muslims in Indonesia and Malaysia about the practice of waqf.

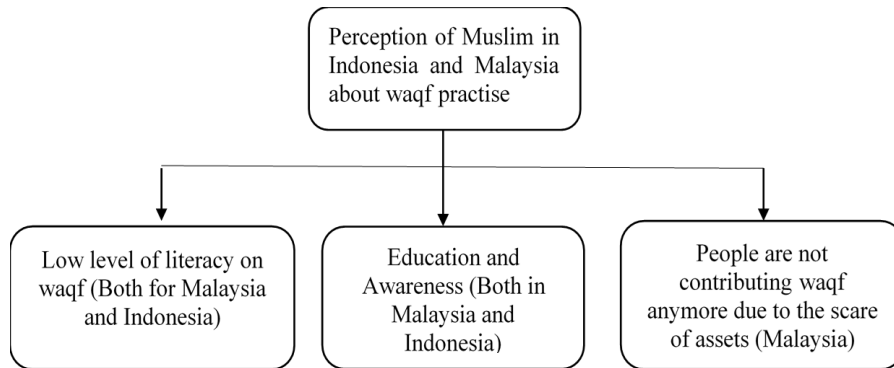


Figure 2. Theme 2: Perceptions of Muslim in Malaysia and Indonesia about waqf Practise

Based on the theme from Figure 2, we identified three (3) subthemes; firstly is a low level of literacy about the concept of waqf among the Muslims, secondly, education and awareness initiatives provided by Waqf institution and thirdly, that people are no longer donating or contributing waqf due to the scarcity of assets. In the Malaysian context, the experts find that Muslims have a lack of awareness and education about the importance of waqf to society. The following are the related comments:

“There is little Islamic intellectual discussion about the development of Muslim, even during my student time. I view Waqf like Sadaqah, so because of that I lost its basic and its importance”. **S5**

“The first thing I say is to look at the success of waqf in the past which was in early day of Islam. The success of waqf could be attributable to people’s clear understanding of their roles as Muslims. Secondly, they viewed Islam as comprehensive in which there was no separation between the religion and development. However, in the present days, people are confused and do not have a clear understanding about waqf and the importance of waqf”. **S8**

Similarly, we also find that the Muslims in Indonesia are also faced with a poor understanding of waqf practice. The following is the comment:

However, with regard to the understanding of waqf, we have to admit that we have poor understanding, especially cash waqf”. **W2**

The lack of practice and sufficient academic exposure have impeded the younger generation causing confusion and misunderstanding about the practice of waqf. However, we find that waqf institutions in Malaysia and Indonesia are also educating the Muslims in various ways such as programmes for the younger generation.

“The government and waqf institution are doing well in disseminating information through

mass media in order to enhance the knowledge of the Muslim on waqf practised”. S2

“Positive perceptions about waqf come from good training that we have provided to the potential donors. Our training focuses to bring back our daily activities to the sole objective that is the oneness of Allah (about at-tawhid). When the Muslims have their tawhid increased, they become not reluctant to have a philanthropic act, such as donating waqf. In our institution, alumni of ESQ (emotional and spiritual quotient) training are the potential donors for waqf”. W1

“Wakifs are appreciating our Waqf programme if it has clear objective (utilisation of the waqf funds) and suitable with their will. So, to motivate cash Waqf donation we always provide them with the visual approach that is programme which has a lot and good design picture (blue print of certain project) in our promotion media. W2

Based on the comments by the experts, even though the Muslims have a poor understanding of the practices and the importance of waqf, the responsible authorities from both countries are being serious in educating and creating awareness within the Muslim society in both countries. Besides the insufficient knowledge of waqf, the present generation also faces another challenge such as the scarcity of assets due to high living expenses which impede the Muslims from engaging in voluntary donation. The experts in Malaysia claim that the young generation has more pressure to secure their basic needs, especially those working in urban areas. The experts commented:

“The present day is different if to compare with the past. The current economic challenges affected the way of the people think and they need to satisfy their need and priority before engage in voluntary donation”. S2

“Even now, most of the waqf assets or the lands are donated from the past people. Very rare cases that the present people donate land or building for purpose of waqf due to the lack of assets and high cost of living”. S3

The above comments are vital for the future generation who might not know what waqf is. Therefore, we asked the experts about the solution to overcome this problem. The following Figure 3 discussed on the solution to the development of waqf assets for both countries.

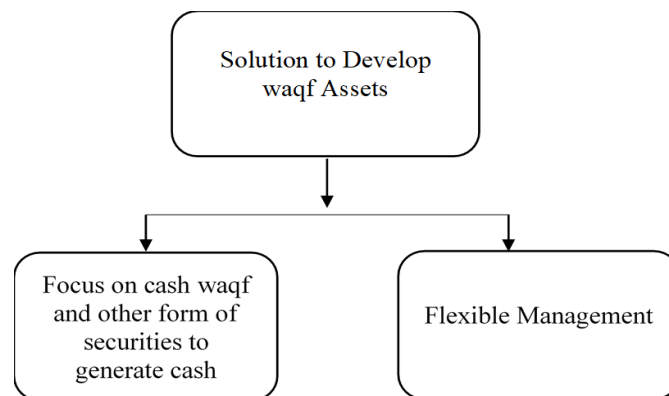


Figure 3. Theme 3: Solution to Develop Waqf Assets

Based on Figure 3, we identified two (2) possible solutions to develop waqf in Malaysia and Indonesia.

Firstly, we identified that the present contribution of waqf is ideal in the form of cash rather than in the form of fixed assets such as land and buildings which are expensive and scarce. Besides that, the experts also claimed that cash waqf is not something new where during the Ottoman era in the past cash waqf is used to develop the entire nation. The following are comments in the context of Malaysia;

“In my opinion cash waqf is an interesting idea ...interesting thing. The reason being... let say the people who give land or something fixed asset are generally are wealthy people... so how about the ordinary people? So they also need some reward from Allah SWT. So giving cash waqf is good because this can generate a pool of money than money is used to buy a real estate like plantation, building or what can generate income which can be used for financing based on certain purposes”. **S7**

“Currently, A Islamic council is promoting corporate waqf and Salary deduction scheme to Muslims in that area. Until now, we have collected RM600, 000.00. This is an accumulated amount of cash waqf for the past 2 years”. **S1**

“In B Islamic Council, we have similar model like what Penang and Wilayah Persekutuan have. Apart from the salary deduction, currently we are giving more attention to corporate waqf. This means that the cash waqf contribution becomes the CSR contribution of a company. Up to now, we have collected more RM 5 million and we already have few plan about the allocation of the fund toward benefiting some projects”. **S2**

“Meanwhile, in case of C, we also used the Salary deduction mechanism to raise the cash waqf among the Muslim. We started to collect cash waqf since 2011 and the total accumulated amount of cash is RM 435, 000.00”. **S3**

“In D, we introduced cash waqf in year 2013. Currently, we have accumulated RM 800,000.00 cash waqf”. **S4**

Based on the experts' comments, we can say that the practice of cash waqf in Malaysia is getting popular, and many Muslims have started to practise the contribution of cash waqf. The development is positive, and the practice of waqf in Malaysia will continue and flourish in the future. Besides the information from Malaysian practises of cash waqf, one of the experts also shared another form of waqf such as practised in Singapore. The comment is:

“In the case of Singapore, MUIS issuing Sukuk to securities the waqf land and then they can do wonders with the liquid money that you generate .you see... otherwise you see, we have about 99% of waqf lands which are underutilised ...now if they want to they have to go to the bank and apply for loan and also pay for the instalment monthly plus with interest charges... What for? So we should liquidate some portion of the land and use the liquid money for development that balance of the land”. **S8**

The above example of waqf practice in Singapore is considered as an innovative model that promotes on waqf based development. In the context of Indonesia, the concern of the experts is on the sustainability of the operating cost to maintain the waqf lands. The expert comment is;

“In managing land waqf, our priority is finding financing scheme to cover the operational costs. There are certain ways [of doing this] such as using infaq fund, finding third party to invest in developing this land or to persuade donor to provide initial fund for operational costs in early process. Otherwise we will transfer our right as nazhir to donor or other

institutions". **W2**

The experts may be concerned about the present condition of waqf land that is facing a lack of funds to support its maintenance. Based on Figure 3, we had identified the final subtheme related to management flexibility. We find that rigid and strict law has hindered the creativity and flexibility of the management from developing especially waqf lands for both countries. In the Malaysian context, the expert commented:

"Every state in Malaysia has their own state law with regards to waqf and this is not healthy especially to country". **S3**

In the issue of legality in Malaysia, all the experts agree that the present setting does not promote the culture of waqf in the country's development, but it seems to be state-based development. In the context of Indonesia, most Indonesian waqf practitioners are concerned about the feasibility study of each land asset that would be endowed. To most of them, donors need to provide initial capital or fund to maintain operational costs during the early stages of managing waqf land. As mentioned by a respondent working in Rumah Wakaf Indonesia:

"In our feasibility study process, there are two aspects that must be clearly spelled out. They are legal aspect and business aspect. There are a legal division which is asked to assess on legal and gives recommendation to us on the particular waqf assets. We hope that in waqf contract, all matters regarding the assets are clear." **W3**

"Waqf land should be feasible to be managed. Otherwise, we will ask for Istibdal or changing the waqf lands with other lands that are more feasible to us". **W4**

The above comments are the responses that we received from the practitioners. As we can observe above, the waqf institutions in Indonesia have given so much focus on the feasibility study with a considerable emphasis on the use of the waqf assets. These waqf institutions expected that by conducting a feasibility study, they could get clear information about the status of waqf assets before they can decide whether to invest.

5. Conclusion

The management style practised by the government or the private sector is just a structure of an organisation. The effectiveness of an institution depends on the nature of business and activity which are professionally managed by employees that understand this matter. In the case of waqf institutions in Indonesia and Malaysia, they faced internal constraints such as the lack of expertise to formulate effective strategic management of waqf assets. Besides internal constraints, waqf institutions in both countries also faced external challenges from society which have a low level of literacy about waqf practice and its importance to the national development.

6. Limitations and direction for future study

The analysis of the study is derived based only on qualitative research, and the respondents who participated in the study are limited to experts in the field of waqf. Therefore, future research in this area may include analysis of interviews from an ordinary Muslim perspective on waqf practice and also distribute the questionnaires to a bigger sample of the population to gauge the wider opinion of ordinary Muslims about waqf in both countries.

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