



ISLAMIC CHARITABLE ENDOWMENT: A CASE OF CASH WAQAF CONTRIBUTORS IN PENANG, MALAYSIA

Nailul Morad
Mohd Nor

School of Distance Education
Universiti Sains Malaysia, 11800 Penang, MALAYSIA

ABSTRACT

Cash waqaf is one of the waqaf (Islamic charitable endowment) categories that has been recognised and getting more popular among Muslims. In the state of Penang, Malaysia, the Penang Islamic Religious Council (PIRC) has introduced the cash waqaf which is known as Waqaf Scheme Fund (WSF) to the public. A survey was conducted to examine the profiles of the WSF contributors and the efforts that PIRC has taken to move waqaf as an important development instrument for the Muslim community. A sample of 92 respondents participated in the study. The findings include the majority of the respondents who are contributors of the WSF (about 60.86%) came from middle and low income groups and the positive perception of the community towards PIRC as the trustee of the waqaf in Penang.

KEYWORDS : Waqaf, Cash Waqaf, Islam, Development

INTRODUCTION

Waqaf (plural –awqaf - loosely translated as Islamic charitable endowment) is an Arabic word that means hold, confinement or prohibition. According to Kahf (1992), in Islam the word waqaf means holding certain property and preserving it for the confined benefit of certain philanthropy and prohibiting any use or disposition of it outside that specific objective. As such waqaf has perpetuity characteristic and normally associated to non-perishable property whose benefit can be derived without consuming the property itself. The common waqaf properties are lands and buildings but the list has expanded to other forms such as intellectual property, money and stocks.

Lately, in Malaysia there are concerted efforts to revive waqaf and to tap the full potential of waqaf to suit the current needs and times. Many new waqaf programmes and projects have been introduced and implemented either by the government, non-government organisations (NGO) or private corporations.

Penang is one of the states in Malaysia where waqaf is managed by the Penang State Islamic Religious Council (PIRC). PIRC has introduced cash waqaf (money) in 1995 which was known as waqaf share scheme and later renamed as waqaf fund scheme (WFS) in year 2002. The main advantage of cash waqaf is that many people can participate in waqaf as the minimum amount offered is very affordable. It can reach various segments of a community to participate, due to its flexibility and affordability of the waqaf (Achmad Tohirin, 2010).

THE IMPLEMENTATION OF CASH WAQAF

The fatwa (religious decree) issued by the Islamic Religious Council of Malaysia in 2007 stated that cash waqaf is allowable to be practiced by Muslims. As a result of the decree waqaf would be more attractive and affordable to Muslims in Malaysia. In the State of Penang the minimum amount of cash waqaf (WFS) is RM5.00 (USD1.53) The minimum amount is very affordable to many Muslims who want to participate in waqaf.

Cash waqaf is not something new as it was reported to be in existence since as early as the turn of second century of Hijrah (Ali Amin Isfandiari, 2008). The basic operation of cash waqaf consists of 1) cash collection, 2) management of collected funds, and 3) disbursement of the generated revenue to the beneficiaries.

The cash or money collected is used as waqaf asset and managed by mutawalli (trustee, manager or designated person/ organisation to manage waqaf) to generate income which in turn being channeled to the beneficiaries. Maintaining the perpetuity of waqaf is the most important consideration that a mutawalli must always remember as it is the main feature of waqaf.

As most of the cash waqaf are general waqaf (unless specified by the donor), the funds generated can be channeled to various programmes or projects. This will enable waqaf to be used to boost the socio-economic development of the community, as it was used in the past to spearhead the development of various sectors. Cizakca (2007)

pointed out that waqaf had supplemented the role of government in providing health, education and basic infrastructures services in Turkey.

It is expected that with proper approach and strategies adopted by the PIRC more Muslims would be interested to participate in the waqaf programmes. One of the important measures that PIRC should do is to understand the characteristics and perceptions of the present WFS contributors toward PIRC.

RESEARCH OBJECTIVES

This study attempts to examine the profiles of the Waqaf Scheme Fund (WSF) contributors and their perception toward Penang Islamic Religious Council (PIRC).

The objective of this research is to explore insights and understanding of WSF contributors. Specifically, the research objectives of this study are as follow:

- To determine the reasons for participation WSF contributors in waqaf programme.
- To examine the characteristics of the WSF contributors in waqaf programme.
- To analyse the perception of the WSF contributors towards PIRC.

METHODOLOGY

Respondents for this study were WSF contributors who were randomly selected from the list provided by the Penang Islamic Religious Council (PIRC). Only 250 contributors (30% of the total contributors) were selected and structured questionnaires were mailed to them. Ninety two respondents returned the questionnaires which represented a 36.80% rate of return. Respondents were asked about personal information and reasons for participating in the waqaf programme. Respondents had to indicate their opinions on waqaf and PIRC management based on a given statement using a five-point Likert-type scale, where 1=Strongly Disagree, 2=Disagree, 3=Agree to a certain extent, 4=Agree and 5=Strongly agree.

RESULTS AND DISCUSSION

The demographic distribution of respondents is shown in Table 1. Of the 92 respondents who participated in the study, 53.3% were male and 46.7% female respondents. About 62.0% of respondents were in the age group of 21-30 and 31-40. Young adults were the biggest contributors of WSF and this shows that religious related programme was not dominated by elderly people. Majority of the respondents had high school education (60.9%). Majority of the respondents were married (87.0%) and only 10.9% are unmarried.

TABLE 1
DEMOGRAPHIC DATA OF THE RESPONDENTS

Demographic data	%	Respondents (n=92)
Gender		
Male	53.3	49
Female	46.7	43
Age (Years)		
< 20	1.1	1
21-30	25.0	23
31-40	37.0	34
41-50	23.9	22
51-60	12.0	11
> 60	1.1	1
Education level		
Primary school	0	0
High School		
Degree	60.9	56
	39.1	36
Marital status		
Married	87.0	80
Unmarried	10.9	10
Single parent	2.2	2

The majority of the respondents can be considered as new contributors of WSF. About 78.3% have contributed less than 5 years and only 5.5% of the respondents contributed more than 7 years as indicated in Table 2.

TABLE 2
DURATION OF CONTRIBUTION TO THE WAQAF SCHEME FUND

Year	%	Respondents (n=92)
< 1 year	2.2	2
2-4	76.1	70
5-7	16.3	15
> 7	5.5	5
Total	100	92

Even though the WSF has been around for more than 10 years but the majority of the respondents have only participated as contributors recently.

About 57.6% of the respondents contributed between RM10-RM40 and followed by contributors who participated with RM5 (31.5%). RM 5 is the minimum amount to participate in the WSF. As was intended of cash waqaf it is expected that many people would be able to participate in WSF even with small amount of money. The amounts of contribution are shown in Table 3.

TABLE 3
THE AMOUNT OF CONTRIBUTION TO THE WAQAF SCHEME FUND

Amount (RM)	(%)	Respondents (n=92)
5.00	31.5	29
10.00 – 40.00	57.6	53
50.00 -90.00	7.6	7
100.00	1.1	1
> 100	2.2	2
Total	100	92

When respondents were asked about the reasons for participating in the WSF, a significant proportion (90.3%) agreed they were motivated to get continuous rewards from Allah the Almighty God. Another equally compelling reason was to help in raising the socio economy level of the society (97.8%). These reasons cited by the respondents

were intrinsic in nature and to earn rewards from Allah is categorised as worshipping factor.

About 92.4% of the respondents agreed that the scope of waqaf is not only limited to specific related worshipping programmes or projects like building mosque, Islamic schools and graveyard but can be expanded to a more diverse programmes or projects for the community. This is a positive view that signals bright future to the development of waqaf in Penang. Waqaf should not be confined to this traditional programme/project but should be expanded to other spheres of activities such as funding for research and development, entrepreneurship mentoring, and medical aids.

Respondents were also asked on their perceptions about Penang Islamic Religious Council (PIRC) that has been authorised to manage waqaf in the state of Penang. A total of 69.5% of the respondents agreed that PIRC is efficient in managing waqaf and about 90.4% agreed that PIRC can be trusted to manage waqaf. The positive image of PIRC among majority of respondents speaks volume about the efforts of PIRC in managing waqaf. However, PIRC needs to work harder in educating and promoting waqaf to the public. Overwhelmingly 94.6% of the respondents want more promotion on waqaf by PIRC.

The public want a trustable organisation to manage waqaf and PIRC has this advantage. A study by Mohd Nor and Omar (2009) has listed several desirable key characteristics of a waqaf organisation which were given by the public, namely transparency, efficient, trustable, innovative and creative. PIRC has some of these characteristics and should not have any difficulties in convincing the public to participate in their waqaf programmes.

Promotional and waqaf educational programmes should be designed more systematically and continuously throughout the year. More efforts are needed to introduce waqf and to bring Muslims to understand the importance of waqf in the non-religious activities such as in providing funds for investments and entrepreneurship endeavors (Hasanah, 2009). The case of waqaf fund scheme (WFS, a form of cash waqaf program) has shown that greater efforts of promotional and waqaf educational programmes are needed as the response rate indicated 74.6% of the public do not know about WFS. WFS can be marketed to the public aggressively.

The success of Islamic charitable activities has always depended on mass participation of ordinary Muslims who continuously contributed in small amount (Karim, 2007), even though the contribution by the wealthy and the rich Muslims are equally important.

CONCLUSION

Penang Islamic Religious Council (PIRC) has to reexamine their present policies and strategies with regard to educating the public about the importance of waqf in order to mobilise more Muslims to participate and become the waqaf contributors. The public has a positive image on PIRC as a trustable waqaf organisation and as such can be utilised by PIRC to gain wider participation from Muslims in Penang to become waqaf contributors and movers.

Acknowledgements

The author acknowledges the short term research grant provided by the Universiti Sains Malaysia, that has resulted in this paper.

REFERENCES

- [1] Achmad Tohirin. (2010). The cash waqf for empowering the small businesses. Seventh International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy, Bangi 2010, Selangor Malaysia. | [2] Ali Amin Isfandiar. (2008). Review of fiqh mua'malat and national law on waqf in Indonesia. *La Riba Jurnal Ekonomi Islam*, Vol II, No.1 July 2008. | [3] Cizakca, M (2007). Incorporated Cash Waqfs: Islamic Non-Bank Financial Instruments From the Past to the Future? INCEIF - Presentation on November 14th 2007 Sheraton Hotel, Labuan. | [4] Hasanah, U. (2009). Waqf Development in Islamic World (Perkembangan wakaf di dunia Islam) International Workshop and Seminar on Wakaf and Strengthening Community, Medan, Indonesia, 4-10 May 2009. | [5] Kahf, Monzer Kahf. (1992). Waqf and its Sociopolitical Aspects, Jeddah, Saudi Arabia: IRTI. | [6] Karim, R. 2007. Zakat and waqf bank for social development and improved management of endowments. Paper presented at International Waqf Conference, Cape Town, South Africa, 17-18 August 2007. | [7] Mohd Nor, N M. & Omar, MZ. 2009. Wakaf (endowment) Friendly Wakif (endower): Opening Access to Enhance Wakaf. International Workshop and Seminar on Wakaf and Strengthening Community, Medan, Indonesia, 4-10 May 2009. |