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Implementation of Ijarah Al- 'Ain in Waqf Business Management of Private Tahfiz Schools

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Abstract

Waqf funding in this digital era is generally seen to be in line with the world's challenges in dealing with the COVID-19 pandemic. The impact of this pandemic has also had a profound impact on the education sector, especially those involving Private Tahfiz Schools (PTS) which are registered under the Waqf Management unit of the State Islamic Religious Council (MAIN). However, the question remains whether these registered PTSs is able to provide the best educational services, especially amid a pandemic. In reality, 67.4 per cent of Private Tahfiz Schools were closed because they could not afford the operating coPTS. In the face of a challenging economy, it is important for PTS to think of alternatives for raising funds and income through businesses in the current pandemic. Therefore, the implementation of the *ijarah al-'ain* contract is an important instrument in sustaining the management coPTS of a PTS. A total of six (6) informants representing PTS and MAIN managers in Kedah, Perlis, and Penang were interviewed. The results of the interviews were transcribed and analyzed using NVIVO 11 software. The findings of the study found that there are four types of *ijarah al-'ain* assets implemented in the *waqf* management of a PTS, namely rental of houses and homestays, buildings, vehicles, and agricultural farms supported by MAIN. This study contributes to the theoretical and practical implication in generating income and business that can provide long-term benefits in the waqf management of a PTS.

Keywords: Waqf, Ijarah Al-Ain, PTS, MAIN

Introduction

The potential of waqf as an instrument that can propel economic growth in Malaysia is unparalleled. Waqf is seen as a method of financing that is in line with the global challenges in dealing with the COVID-19 pandemic. This pandemic has affected the whole world, and has triggered a state of anxiety and distress (Gazali & Ismail, 2019). This pandemic has also had a profound impact on the education sector, especially the private education sector (Nawi et al., 2021). Private Tahfiz Schools (PTS) is one institution of religious studies in Malaysia that is also affected by this epidemic. In line with the practice of waqf in Islamic teachings as an act of

worship, the waqf instrument is seen as an appropriate approach to be the socio-economic catalyst of society, and also appropriate in driving aspects of education (Sapuan & Zeni, 2021).

In Malaysia, the number of registered PTS increases year by year. This increase is due to the positive demand from the community who want to learn religion in a focused manner. This trend shows that the Muslims have realized the effectiveness, benefits and importance of religious education, and made PTS as one of the choices of parents to place their children in tahfiz schools (Nawi et al., 2021). For them, the tahfiz dual study system, namely academic and religion or memorization of the Al-Quran is comparable to the needs of the global market. However, questions arise whether the existing PTS in Malaysia can cater to the needs of the community, especially amid a pandemic which has greatly affected the PTS management system in Malaysia. Therefore, this article aims;

- To identify the extent to which the implementation of the *ijarah al-'ain* contract can sustain the operation of a PTS.

This article explained as accordance in order to answer the objectives of study through; past literature that clarified a study in relation with private tahfiz schools (PTS), methodology approach that employed in this article, and lastly, findings, discussions and conclusion that involve with the contribution of study.

Literature Review

The main challenges faced by private institutions including tahfiz, are financial constraints (Anas et al., 2019; Gazali & Ismail, 2019). Among the financial constraints faced by PTS are obtaining grants from the government, lack of contributions from the public, providing accommodation and free fees to *asnaf* students - and these have had a huge impact on a PTS's cash flow (Gazali and Ismail, 2019). These financial problems became more serious during the pandemic season which saw 67.4 per cent of PTS being forced to cease operation because they could not afford the operating costs (Rozi, 2021).

Furthermore, several issues involving illegal fundraising and mismanagement in PTS were also present (Jaaffar et al., 2017). Ismail (2016) stated that the main problem of PTS is poor educational management and financial constraints that directly affect the quality of *huffaz* being produced. Financial constraints will indirectly affect the management, which in turn affects the education quality of PTS students (Yahaya et al, 2018). This is because a stable financial position is required to create a harmonious learning environment which is suitable for the memorization process (Abdullah et al., 2003). Stable financial resources are very important to any organization in order to carry out activities.

Carroll and Stater (2009) revealed that most of the main sources of income of Non-Profit Organizations (NPOs) are through charitable donations. In the same vein, Moore (2000) also states that these non-profit organizations rely entirely on donors, members, and volunteers who provide "charitable contributions in the form of money, time, and material. Yusop et al (2020) further reported that among other sources of funding for the Tahfiz Institution are contributions from public and corporate organizations, religious funds, government funding, and business revenues. In addition, most PTS also rely heavily entirely on the government and waqf support (Anas et al., 2019). For example, the Malaysian Government has allocated RM140 million to *Tahfiz* Institutions, *Sekolah Agama Rakyat* and *Pondok* institutions for infrastructure and maintenance (Ministry of Finance Malaysia, 2021).

Sunny (2007) in his study emphasized that education financing through *waqf* instruments can reduce the problem of dropouts and lagging behind. Mustaffa and Muda (2014) stated that the social institutions of the Muslim community such as education or madrasah, mosques, places for the treatment of the sick, and public facilities are largely funded by *waqf* property income. A study conducted by Akhir et al (2019) showed that the application of *waqf* instrument as a PTS financing mechanism is seen as relevant as most PTSs are established with *waqf*. Ahmad et. al (2018); Yusop et al (2020) also found that *waqf* contributions play an important role in ensuring the sustainability of funding in PTSs.

In the face of a challenging economy, it is important for PTS to think of alternative sources of funding. At the federal level, the government also recommends that educational institutions diversify their sources of income to increase the potential of governance in their respective institutions. PTS need to move away from a system that is highly dependent on public funding sources and government resource assistance (Akhir et al., 2019). In addition, the potential for the expansion of *waqf* in Private Tahfiz institutions is immense when mobilized diligently and managed professionally.

The *Ijarah al-'ain* contract plays an important role in sustaining the funding of PTS by generating and diversifying their own business income. Generally, *aqad ijarah al-'ain* refers to a lease contract to obtain benefits from assets or services in accordance with the law of *fiqh muamalat*. *Aqad ijarah al-'ain* emphasizes the concept of *mu'ajir* (the renting party) selling the benefits of the asset (selling the usufruct of the asset) to the *musta'jir* (the renting party) (Al-Bakri, 2014). Therefore, the implementation of the *ijarah al-'ain* contract can contribute continuous benefits. Leased *waqf* assets will benefit those in need, while expanding businesses to generate income (Hassan et al., 2020).

The implementation and importance of the *ijarah al-'ain* contract can be seen in the operation of Seetee Aisah *waqf* land and Khan Muhammad *waqf* land as commercial and apartment business complexes in Penang (Hassan et. al., 2020). As a result, the sustainability of the *ijarah al-'ain* contract provides lasting benefits to the *waqf* land which is governed by the Penang Islamic Religious Council. This guarantees continuous benefit to financial governance in PTS by generating income more collectively and efficiently.

Research Methodology

This study adopts the case study qualitative method which facilitates the exploration of phenomena through various data sources (Yin, 2009). This is because this qualitative method is more accurate in terms of data collection process, which serves the need of this study on the implementation of *ijarah-al'ain* contract in preserving the *waqf* institution of PTS in Northern Peninsular Malaysia states, namely Kedah, Perlis, and Penang.

Data collection in this study was done using three methods, namely, 1) library study, 2) observation, 3) interview method. Library reviews are secondary sources that highlights past studies relevant to the title of the study (Creswell, 2014). This study refers to scientific materials such as journal articles, as well as books related to *ijarah* and *waqf*.

The second method is observations which validates the researcher's observation of reality (Tilsone, 1998; Puvensesvary et al., 2008). In this study, the observation method is used as

supplementary data which refers to PTS registered on the waqf land of the State Islamic Religious Council (MAIN). On-site visits were also conducted on Maahad Tahfiz Ibn Sina Kulim, Kedah, Maahad Tahfiz Miftahul Hidayah, Perlis, and Maahad Tahiz Nahdhah Penang in order to gather financial data and verify business assets that can generate income to the PTS.

The third method is purposive sampling method interviews. This method is also known as judgmental sampling which refers to the informant's expertise and experience in his or her field (Black, 2010; Nueman, 2000). Therefore, this study focused on interviews with informants who specialised in governance; namely the State Islamic Religious Council (MAIN) and PTS institutions registered in the four states through the Google Meet platform, as well as face to face interviews with the informants. Interview sessions were held from January 2021 to April 2021. This study also used a semi-structured interview method. Semi-structured interviews were chosen because the researcher could explore, investigate and ask questions that describe a particular subject, and informants were able to determine the type of information generated related to the subject, and the relative importance of each of them (Green & Thorogood, 2014). The results of the interviews were fully transcribed in Malay and translated into English for analysis purposes.

This study uses Nvivo 11 software for systematic analysis method. Systematic data analysis is a step-by-step approach to understanding data, which involves consolidating, reducing, and interpreting what the informant says and the results of the data being systematically analyzed (Merriam & Tisdell, 2016). The results of the analysis use thematic methods through the detection, analysis and reporting of themes in the data and validated by experts. Based on the study of Balang et al (2018) the data that was transcribed and analyzed were examined by an Associate Professor specializing in Nvivo 11 analysis to meet the conformability, transferability, and dependability criteria. These criteria ensure reliability during the process of obtaining data.

Findings and Discussions

A total of six (6) informants were interviewed and transcribed. Interviews were conducted with three (3) individuals from state Islamic religious councils involved in waqf management and three (3) informants from PTS institutions in Kedah, Perlis, and Penang. Eight semi-structured interviews were conducted in the Malay language. The results of the study show that there are four important themes in the implementation of the *ijarah al-'ain* contract in sustaining the waqf management in PTS, and they are rental houses and homestays, agricultural farms, buildings (shoplots and school halls), as well as transportations. As explained in Table 1

Table 1

Findings by Islamic religious councils

TYPE OF IJARAH AL'AIN	INFORMANT	QUOTES
Rental houses and homestay	S1	"... maybe ustaz will build a house, a rented house ..." "M ***** plans to build a homestay..."
	S2	Homestays too. But homestays are free for asatizah and ustaz. Outsiders also stay for free, we give free accommodation more than renting it out".
	S3	"... our waqf land is for rent. If possible, 10 rental houses .. "
Agricultural farms	S1	"We have rented out a harumanis mango farm on the land."
Buildings (shop lots, and halls)	S1	"... There is also the initiative of maahad tahfiz or religious schools that want to fund their income by having shops..."
	S2	"... Stalls, there are two examples of stalls outside. Stalls, cafes ... " So they rent our hall, paid for air –conditioning and everything – complete with all "
	S3	"We have many halls here. We have 5. All are air conditioned. These halls are all actually for rent. In fact, for seminars, feasts, we rent a lot of halls".
Transportation (Cars and horse-drawn carriage)	S2	"People want to rent horses for school programs,. We have a horse –drawn carriage. RM 3000 for two horses. "For example, rental cars. I used to have 24 units of rental car near 24 rental cars."

The results of this study show that the types of assets that were rented out were mostly rental houses and homestays, as well as rental of buildings in the PTS area. There were a handful of PTS who took advantage of rental through land rental for plantation purposes as well as car and horse -drawn carriage rental. This is also supported by the results of interviews with the State Islamic Religious Council (MAIN) which agreed with these types of assets being leased to preserve the benefits of PTS *waqf* management.

The results also show that PTS institution has alternatives to generate income through business based on *ijarah al-'ain* without the need for full assistance from the government. This is supported by on Akhir et. al (2019) who reported that Private Tahfiz School Institutions (PTS) do not fully rely on public funding and government assistance in managing their PTS (Akhir et

al., 2019). The implementation of akad ijarah al-'ain is also effective in terms of financial management as they are able to generate their own income help the surrounding community to get employment opportunities (Hassan et. Al, 2020). Thus, the benefits of these businesses guarantees sustainability of waqf management (PTS) through profits earned which can be used for school maintenance and expanding assets on behalf of the State Islamic Religious Council (MAIN) (Yusop et. Al., 2020). As indicated in Table 2.

Table 2

Findings by PTS institution

INFORMANT	QUOTES
M1	<p><i>"Some of the waqf lands belonging to PTS were developed by building shops.</i></p> <p><i>"There are also PTS that use part of their land to build telecommunication towers".</i></p>
M2	<p><i>"Among the projects undertaken by M *** in sustaining PTS in Kedah is to develop waqf land with plans to lease the lot. We also plan to establish a Ghairu Jamek mosque in Alor Setar by setting up a PTS there. In the area, six lots of shop houses will also be built and the rental proceeds will be given to the PTS"</i></p>
M3	<p><i>"... Because we have commercial premises and residential waqf houses which generate income for us".</i></p>

Conclusion

Implementation of *aqad ijarah al'ain* is crucial as an instrument in generating income and asset ownership and has the potential to be developed as an effective waqf management tool for a self -sustaining Private Tahfiz School, (PTS) eliminating the need for charity funds, or assistance from the government. In turn, this provides benefits to the PTS and does not burden the students and parents. The public scepticism towards Tahfiz institutions being a backwater institution which does not guarantee the future of the students can be changed if the PTS's financial management and organisational management is run efficiently.

Implementation of *ijarah al'ain* can promote PTS as a business Knowledge Centre. This proposal will propel the status of PTS as more than just an educational institution – but as a centre of knowledge and businesses. This coincides with the role of the mosque during the time of Rasulullah S.A.W who promoted the idea of having businesses around the area of the Prophet's mosque. If done properly, *ijarah al'ain* guarantees the sustainability of *waqf* management in PTS. Hence, this article contribute in theoretical knowledge of *Ijarah al-ain* concept as well as practical implication in term of implementation this concept towards waqf business management for private tahfiz schools.

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