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Strategy and Potential of Waqf Implementation in Perlis

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Abstract

The implementation of waqf is not something new in Malaysia but it has started since the time of Rasulullah SAW. It is an act of worship in which the reward obtained by the waqf is a reward. Waqf can be broken down into several types, namely property waqf, share waqf and cash waqf. In Malaysia, the State Islamic Religious Council is entrusted to ensure the smooth implementation of this endowment. Therefore, this study was conducted to see the potential and strategy of waqf implemented in the state of Perlis which is under the Perlis Islamic Religious Council (MAIPs). By using face-to-face interviews and looking at the findings of previous studies, the results of the study found that the implementation of waqf in the state of Perlis is running well. Various strategies are used by MAIPs to attract more waqf to continue to contribute to the form of waqf to the deserving.

Keywords: Waqf, Property, Cash, Perlis Islamic Religious Council (MAIPs)

Introduction

The implementation of waqf is not a new thing in the world. It started when Prophet Muhammad SAW received waqf land in Khaibar from Sayidina Umar al-Khattab (Hasan, 2015; Muhammad et al., 2019). Islamic scholars acknowledge that waqf is considered one of the instruments and has been recognized through history as an instrument of generation, transfer and distribution of wealth that is very valuable for Muslims (Latiff & Hasan, 2005). In Malaysia, Yayasan Waqf Malaysia (YWM) was established on 14 February 2008. The establishment of YWM aims to manage the development of waqf and the implementation of waqf throughout Malaysia (Hasan, 2015).

The formation of waqf is usually subject to the pillars of waqf itself namely waqif, mawquf, mawquf alaih and sighth (Zuhayli, 1998; Muhamad et al., 2019). Waqf refers to the person who gives waqf while mawquf refers to the goods endowed by the waqf. Next, mawquf alaih refers to the party who is given waqf and sighth refer to the speech uttered. Therefore, waqf is something that is clear and cannot be changed. The formation of waqf involves a contract process, which is permanent and has no specific time.

From the meaning of the language, Waqf or "Waqafa" means to stop, restrain, and prevent. However, in terms of terminology, waqf or waqafa means property that is withheld from any transaction of sale and purchase, hibah, inheritance and any will by retaining its physical only for charity. Waqf is something given for the use of the public which is considered as a donation, or something handed over and allocated for the needs of all matters related to the religion of Islam (Kamus Dewan Fourth Edition, 2005). Waqf Negeri Selangor in Enactment No. 7/1999, Article 2 also states that waqf is any form of property given for charitable purposes.

Meanwhile, Don (2019) mentions that the practice of waqf is an act of worship based on wealth. Don also stated in his study that the practice of waqf performed is solely to get closer to Allah S.W.T. Although the practice of waqf is something that is demanded by virtue in carrying it out, Zaihana and Shuhairimi (2020) insist that the property to be waqf must have clear ownership and must remain physical. Therefore, the study of waqf property is gaining ground among academics and this is in line with the development of waqf property itself.

Waqf is a form of amal jariah that is encouraged in Islam and is an instrument of charity in Islamic economics. It also contributes to the economic development of the country from various aspects whether from the aspects of sociology, development and planning of a national economy (Husni, et al., 2015). Therefore, the State Religious Council must play a role and find a way to implement this endowment with sincerity. Each state in Malaysia has different enactments and institutions responsible for managing this waqf system (Table 1).

Table 1

Waqf Enactment, Ordinance and Acts by State in Malaysia

State	Enactment	Section	Institution of Responsibility
Selangor	Enactment No. 15 of 2015		Selangor Endowment Corporation (PWS)
Perak	Enactment No. 9 of 2015		Islamic Religious Council and Malay Customs Perak (MAIPk)
Terengganu	Enactment No. 2 of 2001	Part V- Finance of Waqf, Vows and Trusts	Islamic Council and Malay Customs Terengganu (MAIDAM)
Perlis	Enactment No. 4 of 2006	Part VI- Finance of Waqf, Vows and Trusts	Perlis Islamic Religious and Malay Customs Council (MAIPs)
Melacca	Enactment No. 5 of 2005		Malacca Islamic Religious Council (MAIM)
Kelantan	Enactment No. 4 of 1994	Part III- Trust and Financial Properties of the Waqf and Vows Council	Kelantan Islamic Religious & Malay Customs Council (MAIK)
Pahang	Administration of Islamic Law Enactment 1991 – No. 3	Part V- Finance	Pahang Islamic Religious and Malay Custom Council (MUIP)

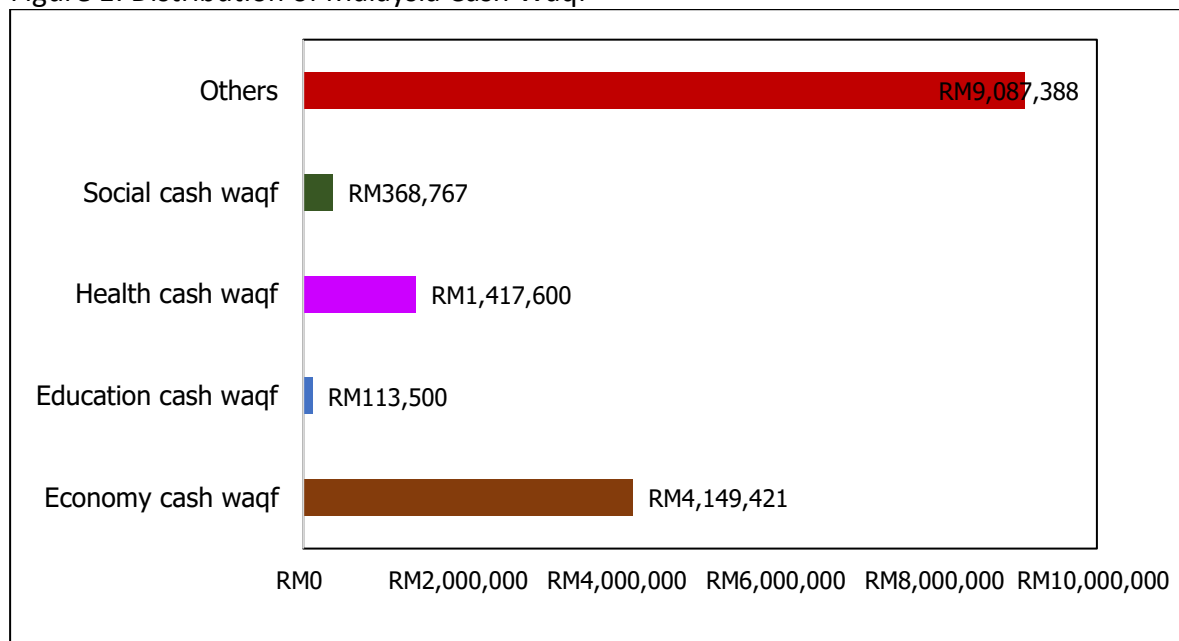
Negeri Sembilan	Enactment No. 5 of 2005		Negeri Sembilan Islamic Religious Council (MAINS)
Kedah	Enactment No. 5 of 2008	Part IV- Finance of Waqf, Vows and Trust	Kedah Islamic Religious Council
Johor	Enactment No. 16 of 2003	Part IV- Finance of Waqf, Vows and Trust	Johor State Religious Council (MAIJ)
Sabah	Enactment No. 5 of 2004	Part III- Finance of Waqf, Vows and Trust	Sabah Islamic Religious Council (MUIS)
Sarawak	Ordinance No. 41 of 2001	Part V- Establishment of Baitulmal, Waqf and Vows Board	Sarawak Islamic Council (MIS)
Kuala Lumpur	Administration of Islamic Law (Federal Territories) Act 1993		Federal Territories Islamic Religious Council (MAIWP)
Penang	Enactment No. 4 of 2004	Part VI- Finance of Waqf, Vows and Trust	Penang Islamic Religious Council (MAINPP)

Sources: (Yayasan Waqf Malaysia, 2022; Rabiatul et al., 2017; Hasan, 2015)

Waqf is divided into two main categories, namely absolute waqf (general) and muqayyah waqf (special) (Sanep & Diyana, 2011). Absolute waqf is a practice of handing over waqf property by not specifying the purpose for which the property is waqf and it can be developed for any purpose and purpose if it does not violate Islamic law. While waqf muqayyah (special) refers to the specific purpose of a property that is to be used. In general, waqf property is divided into two categories, namely immovable property, and movable property. The category of immovable property is land and buildings. As for movable property, it is like cash, books, or prayer mats.

Based on Yayasan Waqf Malaysia (YWM), the collection of Malaysian waqf cash accumulated until 15 August 2021 is RM 4,585,793. There are nine categories of cash waqf in Malaysia, namely general cash waqf (17%), caring waqf (0.02%), education waqf certificate (1%), request waqf (0.01%), health waqf certificate (9%), economic waqf certificate (0.04%), building waqf certificate (3%), special waqf for water services (69%) and special waqf-mosque (1%). For the distribution of cash waqf according to scope, a total of RM4,149,421 has been allocated for economic cash waqf and followed by health cash waqf which is RM1,417,600. The distribution of social cash waqf is RM368,767 while cash waqf for education is RM113,500. A total of RM9,087,388 is allocated for the distribution of other cash waqfs. Figure 1 shows the Distribution of Malaysia Cash Waqf.

Figure 1: Distribution of Malaysia Cash Waqf



Source: YWM (2022)

According to Hasan (2015), in general, the development of property waqf will involve several processes, namely, the Religious Council will first identify the type of e waqf to be endowed (either special waqf or general waqf) and the waqf committee will submit proposals from discussions on the type of development to be built. Therefore, this study was conducted to see the potential and strategy of waqf implemented in the state of Perlis where it is under the Perlis Islamic Religious Council (MAIPs).

Literature Review

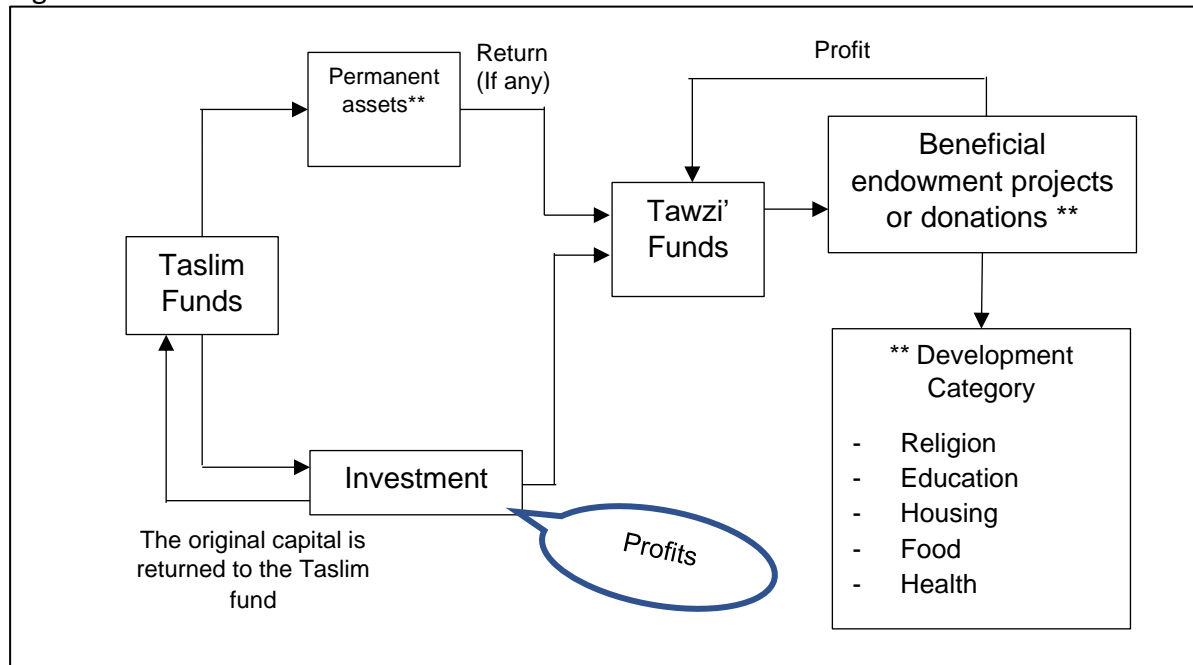
Waqf can be divided into three, namely land waqf, shares waqf and cash waqf. The land is endowed for the purpose of building residential buildings such as cemeteries, madrasahs, mosques, suraus, houses and shops. The land waqf will be leased by the Religious Council to the community at a lower price. Meanwhile, waqf shares refer to waqf made in the form of the purchase of land lots according to the price ratio set by the party who wants to waqf. It is not carried out by contract but processed into small fractions such as waqf for the construction of a mosque. According to Hasan (2015), the number of lots and square feet offered to waqf not only attracts the wealthy to do waqf but also provides an opportunity for low and middle-income groups to do this waqf together.

While cash waqf refers to waqf in the form of money. The endowed money will be used for the purpose of purchasing real estate and building construction. Usually, this cash waqf will be converted into the permanent property (Hasan, 2015). However, in some cases, cash waqf is used to pay employees' salaries or pay for other equipment involved in development activities for waqf purposes. This situation is called impermanent property. The cash earned from this waqf will be placed in a trust fund and used for charitable and charitable purposes (MAIPs, 2021).

Cash waqf can also be known as taslim fund and tawzi 'fund. Taslim funds can be divided into two categories, namely i) funds that are converted into permanent assets and ii) funds

invested with a capital guarantee of the original value will remain. While tawzi' funds are used for development purposes or charitable contributions that are not permanent (YWM, 2022). Nevertheless, both funds are used only for religious, educational, housing, food, and health purposes. Figure 2 shows the fund distribution model used by YWM.

Figure 2: Fund Distribution Mode of YWM.



Source: Yayasan Waqf Malaysia (2022)

Next, previous studies related to waqf were conducted to look at the implementation of waqf such as (Abdullah, 2020; Johari et al., 2020; Muhammad et al., 2019). Studies related to the concept of al-Tawriq were conducted by Johari et al (2020) involved an interview session with a representative of the Penang Islamic Religious Council (MAINPP). The results of the study found that the al-Tawriq model has dimensional and innovative capabilities for the practice of waqf so that waqf assets are more productive and can benefit the recipients.

Muhamad et al (2019) have looked at the potential of waqf in the state of Johor and the results of the study found that waqf shares have great potential to be developed because it is seen to ensure the sustainability of waqf institutions in the state. Apart from that, waqf is also seen to reduce socio-economic imbalances in the state of Johor. Based on a study conducted by Abdullah (2020) to look at the management of waqf property financing in Malaysia, the results of the study found that waqf in Malaysia has the potential to be developed and advanced. But it requires efficiency in governance as well as systematic planning.

In addition, Mahmood et. al (2017) in their research said that waqf which is also referred to as "the sleeping giant" in Islamic finance plays a very significant role in ensuring the continuity of socio-economic development of a country is in good condition. This study also says that Turkey is among the countries that have proven to have an improvement in the living standards of the community because of the benefits of the waqf mechanism. The revenue utilized from waqf property in the country is such as the construction of religious institutions,

educational institutions, public facilities, agriculture, and plantations (Hilmiah, et. al., 2013; Razali & Rohayu, 2011; Norsiah & Farahdina, 2009).

At the same time, a study conducted by Zaihana and Shuhairimi (2020) also proved that waqf and social entrepreneurship can overcome poverty and unemployment in Malaysia by combining elements of Islamic social entrepreneurship to produce benefits to society that is finally able to further develop the economic system in a country. Although there is an increase in waqf property in a country, not all these properties are used (Hasyeilla & Selamah, 2018; Mutalib & Maamor, 2018). Therefore, there is a need to see how a waqf property is managed well because it has the potential to be developed in developing the economy of a country. In addition, this study also identifies strategies that can be implemented in optimizing the use of waqf property in contributing to economic development.

Methodology

This study involves qualitative and in-depth data collection. It involves gathering information from past research as well as face-to-face interviews with the panels involved. For the research method of the previous study, the researcher will look at the waqf journey implemented in Perlis while for the face-to-face interview, the researcher asks questions that are related to the objectives and questions of the study. Respondents selected to be interviewed must be staff of the Perlis Islamic Religious Council (MAIPs) and have knowledge of the implementation of waqf in the state of Perlis. A total of 3 respondents were selected to be interviewed to obtain the required information. In addition to qualitative data collection, researchers use methods of screening, presentation and conclusion of information obtained from face-to-face interviews and data collection from previous studies.

Findings and Discussion

The concept of waqf management implemented in Perlis and managed by the Perlis Islamic Religious Council (MAIPs) is in the form of property waqf and cash waqf. The objectives of cash waqf MAIPs are to (i) revitalize the practice of waqf in Islam, (ii) provide facilities and alternatives to the community to perform waqf even if they do not have permanent assets, and (iii) make waqf recognized as a system that can drive the socio-economic development of Muslims and believed.

Apart from that, MAIPs also implement general benefit cash waqf where it is more to the distribution of benefits through waqf projects conducted by taking into account the aspects of health, knowledge and social (MAIPs, 2021). The distribution of these benefits depends on the consideration of MAIPs according to current needs. Among the general benefits of cash waqf implemented by MAIPs are (i) provision of waqf al-Quran and Kitab to the community and the needy, (ii) construction and maintenance of community centres that benefit the local community, (iii) implementation of mosque construction and maintenance, surau and cemetery, (iv) implementation of construction and maintenance of Perlis Autism Center, and (v) knowledge endowment program of UNIMAP, UiTM Perlis and KUIPs.

Based on the face-to-face interviews that have been conducted, the concept of waqf property in MAIPs is not tied to property waqf alone, but MAIPs also receive waqf in cash. There are several projects carried out using money from cash endowments. In addition, MAIPs also consider that money given for waqf purposes can be categorized as property waqf and can

also be used to pay salaries or implement related programs even if it is not permanent in nature.

Apart from waqf property, MAIPs also implement istidal where the property is valued based on actual measurements and not on the value of the property. However, MAIPs together with the Perlis state fatwa committee has reconvened to discuss this istidal issue.

"...the istidal is justified by the logical ground measurement at the time." – Interviewed 1

"...factors related to istidal at the federal level do require istidal but with the condition that the property we exchange must be equal in value or higher than the land we are proposing for istidal." – Interviewed 2.

If viewed in terms of the potential of waqf in Perlis, the potential of waqf is very high and the MAIPs are trying to change the perception of the community to continue to do waqf. In addition, the waqf of property available in Perlis will be rented to the community at a cheaper price because the waqf done is associated with social responsibility.

"...an example of an old Islamic Bank building is a waqf building. After that, we have the properties of MAIPs, a banner shop near Kangar. That is also our waqf property, but there is a social responsibility, and we cannot put a high price because we want to help the asnaf and Muslims." – Interviewed 3

To ensure that the waqf in Perlis receives contributions from the public, the MAIPs have collaborated with the Inland Revenue Board to obtain tax rebates and this privilege has been announced to the public to attract more waqf. MAIPs encourage more individuals or organizations to perform waqf, so those who perform waqf in Perlis will be given a certificate of appreciation as a token of gratitude for the waqf contribution given.

Apart from that, the implementation of waqf in Perlis includes the construction of mosques, graveyards and surau. MAIPs also build commercial lots to help those in need be able to use these facilities at a lower cost.

"I can say that 80% of the land is for the purpose of mosques, graves and surau while the other 20% is for other purposes administered by MAIPs as commercial lots such as the MAIPs Waqf Complex which is on waqf land." – Interviewed 2.

"MAIPs are the sole holders of state endowment property covering mosques, surau, graveyards and we have endowment houses and endowment bazaars." – Interviewed 1

Furthermore, for the purpose of waqf development in Perlis in the economic sector, it is seen as very encouraging with the development of shop buildings, waqf bazaars and mosque land. This situation indirectly helps to improve the economy of the community and the state. Apart from that, MAIPs also build cash waqf with the cooperation of several parties including the

Social Welfare Department (JKM), UNIMAP, the autism centre and the Ministry of Health to ensure that the waqf channel obtained is used as well as possible.

“First, we have a dialysis cash endowment in Johor Bahru with the Department of the Ministry of Health.... The second is that we make a cash endowment for the autism centre, in collaboration with JKM, UNIMAP.” – Interviewed 3

In terms of waqf contribution strategy, MAIPs strive to increase community awareness about waqf, and the advantages gained by waqf. However, the waqf journey in MAIPS is seen to be at a satisfactory level because the waqf journey is obtained from a third party (investor). Usually, this kind of waqf trip is not commercial in nature. MAIPs focus on cash waqf because it can be joined by all parties, especially those who want to do waqf and do not have property.

To boost the implementation of waqf in the state of Perlis, the MAIPs also want to establish cooperation with external parties including educational institutions and corporate companies. Apart from that, among the strategies introduced by MAIPS is to apply for tax rebates from the Inland Revenue Board to the waqf.

“...is applying with the Inland Revenue Board (LHDN) for incentives, deductions, or income tax rebates on waqf contributions.” – Interviewed 2.

Conclusion

The implementation of waqf in the state of Perlis under MAIPs went well and received a response from the public. MAIPs implement property waqf and cash waqf, however, the focus of MAIPs is on cash waqf. This is because cash waqf can be implemented easily for all groups without involving property to be endowed. MAIPs also collaborate with various parties to ensure the smooth management and running of the endowment. Among them, is the collaboration of MAIPs of educational institutions in Perlis such as KUIPs, UNIMAP, UiTM as well as corporate companies such as Bank Islam.

Apart from that, MAIPS also gave a certificate of appreciation to the waqf in a special ceremony. To ensure that waqf in the state of Perlis runs smoothly, there are several suggestions put forward by researchers such as (i) collaborating with corporate companies in Malaysia, (ii) implementing more waqf shares for the purpose of building mosques, giving al-Quran and assistance for other Education, (iii) work with the Inland Revenue Board to get tax deductions easily, (iv) conduct awareness and promotional campaigns on Perlis radio to attract people to do waqf, and (v) work with organizations in Perlis to implement waqf deductions through the salary channel earned.

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