Utilization of Waqf Property: Analyzing an Institutional Mutawalli Challenges in Management Practices

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ABSTRACT

The purpose of this study is to explore the challenges faced by the institutional Mutawalli to achieve the utilization of waqf property in their management practices. A qualitative method using purposive sampling with formal and semi-structured interview has been conducted to the representative of the institutional Mutawalli. This study revealed that institutional Mutawalli is facing problems with the management practices in the institution, namely personal experience in waqf area, training and development in understanding their functions, responsibilities in managing tasks associated with waqf property and waqf property management implementation. These factors are becoming a major challenge in achieving the utilization of waqf properties in institutional Mutawalli. Thus, findings from this study would contribute to the understanding of challenges in the utilization of waqf property. Thus, it will contribute to the betterment of the waqf property for the benefit of the Ummah.

Keywords: Waqf Property, Utilization, Institutional Mutawalli, Qualitative
JEL Classifications: A12, A13, G3, Z12

1. INTRODUCTION

The management structure of waqf property is most crucial as it plays an important part in the waqf institution. A well-managed and structured management of waqf property will definitely give a huge implication directly or indirectly to all the stakeholders. In addition, an effective management can also make the waqf property be beneficial for the usage of Ummah through economic development, education sector, religious matter and community facilities. Nowadays, to manage and develop the waqf property is more challenging due to the increased level of awareness and knowledge related to the waqf issues. Effective and efficient management of the institutional Mutawalli is able to make it a good prospect and opportunity in expanding the functions of the waqf property. This reason is related to the rapid economic growth and high demands for the necessity of daily life. Excellent management practices will be able to utilize the waqf property to ensure continues benefit and to maintain sustainable income.

Words of waqf originally come from an Arabic word waqfa which means to hold, to stop or to refuse the property (Siti, 2012). In the Malay culture, the word wakaf means a resting place or a place for a temporary stopover (Razali, 2013). However, from the Islamic perspective, it is understood that it is of charitable property where the property is detained and the benefit can only be applied for charitable purposes either for the Muslim or non-Muslim community or specific beneficiaries. Although the intent is deceptively simple, the implementation must be well organized, perfect and follow the guidelines and requirements laid down by Shariah. Waqf consists of four basic continents that are waqif (the person who donates the waqf), mauquf (the waqf item), mauquf alaihi (the person who receives the benefit of the waqf) and sighah (the declaration of the waqf). Waqf property can be divided into two types which is movable property such as cash waqf, share waqf and sukuk waqf and the second type is an immovable waqf property such as land and building (Sanep and Nur, 2011). Thus, waqf property should be managed, administered and developed for better benefit and the wealthiest prolonged indefinitely as wished.
by the waqif is practicable. Moreover, the benefits of the properties could also be beneficial to other entitle parties.

Recently, most of the waqf institutions are alert to the importance of waqf property development. Thus, lots of effort and strategies are implemented in order to boost the development of the property (Chowdhury et al., 2012). However, even though the construction is carried out successfully, some of the waqf properties are still not fully utilized as proof by Chowdhury et al. (2012), Hidayatul and Shahul (2011), Sanep and Nur (2011). Therefore, the purpose of this study is to explore the challenges faced by the institutional Mutawalli to achieve the utilization of waqf property in their management practices.

2. LITERATURE REVIEW

Mutawalli or also known as a waqf manager can be defined as a person, a group of people or institution who are appointed by the sole trustees or other trustee board to manage and develop the waqf property (Hidayatul and Shahul, 2011; Muhammad, 2009). There are various terms that can be related to the meaning of Mutawalli. However, Muhammad (2009), has classified the term of Mutawalli into four major categories which bring a similar meaning of Mutawalli. The first category includes the keeper, organizer and superintendent. The second are the Nazir and the sole trustees. The third are the waqf manager and Mutawalli and the final category is the waqf institution, waqf managerial board and corporate Mutawalli. The fourth category is any specified institution, organization, corporation, private or public that become Mutawalli (Mohamad, 2010).

The institutional Mutawalli is responsible not only to manage, administer the property, but also need to develop the waqf property as it can bring benefit to the community. Therefore, the waqf property must be handed to the right Mutawalli as the property can be managed and developed accordingly (Magda, 2013). This is aligned with Sanep and Nur (2011), in which the Mutawalli has the right, authority and responsibility to manage and administered the waqf property as to fulfill the waqf wishes. Currently in the Malaysian perspective, there are several types of institutional Mutawallis that are government Mutawalli, private Mutawalli, corporate Mutawalli and voluntary or non-profit organization non-governmental organization (NGO) Mutawalli (Hidayatul and Shahul, 2011; Nathasa and Nurul, 2013).

The NGO Mutawalli can be similar to a holding, foundation, and society. Malaysia, currently, has 14 government Mutawallis since it has 14 different state. The government Mutawalli is also known as a Religious Islamic State Council. Thus, this led to the 14 different waqf administration in Malaysia (Ahmad et al., 2008). The establishment of the Department of Waqf, Hajj and Umrah (JAWHAR) shows that the federal government takes an active action to synchronize the administration of waqf (Che et al., 2014).

Meanwhile, there are lots of private Mutawallis in Malaysia, some of them are legally registered while others are not legally registered (Hasyeilla et al., 2015). Consequently, if the waqf institutions are not legally registered, the waqf property cannot be administered and managed effectively. Among the leading private waqf institutions is Perbadanan Wakaf Selangor (Amirul et al., 2012). This institution was incorporated with the aim of boosting the development of waqf properties that have the potential to be utilized.

The most contemporary form of waqf in this country is the implementation of corporate waqf introduced by Johor Corporation (JCorp). This corporate waqf is the first to be commenced by an institution in the world of corporate business. It is managed by its subsidiary, Wakaf An-Nur Corporation Berhad (WANCorp) which is a company limited by guarantee JCorp itself. WANCorp was established to manage the assets and shares of companies that donated to JCorp group in addition to acting as mawqif alaihi to up all the shares and other securities of the company JCorp (borham, 2011). Malaysia Waqf Foundation (YWM) is an NGO or foundation institutional Mutawalli in Malaysia (Azri, 2008). The aim is to generate new sources of economic and social development of Muslims through waqf collection or property. This situation can guarantee that the waqf property can continuously be utilized (Haslindar et al., 2013).

Utilization means that the person utilizes something when that person uses it, especially in some practical ways (Federal-Chamber Advance English Dictionary, 2009). Developing the property is a major task and the responsibilities of institutional Mutawalli, however, the development does not mean anything if the property is not fully utilized (Zulkifli, 2008). This issue also is supported by Chandra and Asmak (2010) where the waqf property needs to be developed, then invested as it can generate income and produces returns that can be utilized to fulfill the needs of the community. In addition Haneef et al. (2013) found that the institutional Mutawalli should ensure the utilization of the waqf property by combining the resources. With these strategies, it will reduce the poverty level. Indeed, if those assets were utilized properly, it can help the poor and the needy as well.

According to traditional economics, the concept of utilization began to assume all users are rational in making spending decisions. In traditional economic rationality means that any user will always try to maximize the satisfaction of their material on the use of limited resources that they have. They make decisions based on their own thoughtful less how to spend their limited income to maximize their satisfaction. Utilities are the goods or services that can satisfy what is required by the user (Nurshuhaida and Siti, 2012). The utility can also be intended as a reflection of the level of satisfaction with the use of a user or service. Utilities are related to the needs having been met as utility material or material satisfaction. Therefore, the conclusion in traditional economics, the users are considered rational when they spend their revenues by maximizing the utility material or material satisfaction.

However, according to the utilization in Islamic perspective, it is considered to be rational when the consumers spend their income balance to maximize on the material satisfaction and level with the spiritual satisfaction. Utilities in a material will make them very happy in this world, while utilities in the spiritual will make them happy in the hereafter. Therefore, revenue is used not only to meet the material utility but also the spiritual (Nurshuhaida and
Siti, 2012). Thus, in the context of waqf property, the institutional Mutawalli needs to satisfy both material and spiritual utilities. The material utility is related to the responsibilities toward the waqif where it needs to develop and utilize the property accordingly. This will give benefit to other beneficiaries such as poor and needy people to sustain their living. Meanwhile, the spiritual material is related to the feeling of being responsible and accountable as a trustee of the property. If managed to develop and utilized the property well, this will ensure they have done their job well and full of responsibility and accountability. As a result, their action will be rewarded in the hereafter life (Mohamad et al., 2008).

According to Rabitah et al. (2012) unsystematic management is due to inefficient management. Hence, in order to improve the management practices, there must be the improvement of the management procedure and the internal control of waqf administration. In addition, Rabitah et al. (2012) also suggested that the institution needs to educate the Muslim community in order to make them conscious of the waqf importance. In reality, the institutional Mutawalli needs to be transparent in their responsibility to the community by showing how they utilized the waqf property. However Abdullahah and Muhamad (2008) stated that there are diversity of management practices among institutional practices in Malaysia. Even with different practices, the final intention is to fully develop the waqf property. Therefore, with effective and efficient management, the property will lead to the right strategies of development and utilization appropriately. Structure and management practices were the main pillars to the institutional Mutawalli. Efficient structure and good management practices will describe the level development of the waqf property (Chowdhury et al., 2012). Furthermore, this statement is also supported by Hasyeilla et al. (2014) who say that a good management practices and structure will ensure the distribution of the resources effectively and efficiently. Hence, it is also as a start to maintain good quality towards the development and the expansion of the waqf property. Therefore, the utilization of waqf property will be at full capacity without any wastage of the resources.

Among other factors that cause a lot of waqf buildings being not fully utilized is due to lack of fund and also in the increasing the cost of financing and maintenance costs (Abdullahah and Asharf, 2008). This situation would clearly hinder the effective use of a waqf property. This coupled with the potential of a waqf could not be developed due to insufficient funds because the institutional Mutawalli lacks of fund and is not secured by their own funds (Aznan and Syahnaz, 2015). But there are also proactive afford conducted by some institutional Mutawallis with a variety of strategies and methods such as cash waqf (Ahmad and Nurhayati, 2010; Farhana et al., 2014; Murat, 1992), shares waqf (Abdullaah and Asharaf, 2008) and financing method or sukuk (Hydzulkifli and Asmak, 2015). With the implementation of these fund-raising strategies, any waqf property can be utilized and transformed so it is sustainable and its benefits will be long lasting.

3. METHODOLOGY

This study applies a qualitative design approach as qualitative method study is appropriate because such approach is practical and useful for inquiring, exploring, and gaining an understanding of a fundamental phenomenon (Creswell, 2013).

The research data is collected by using formal, semi-structured interviews and related documentation. Purposive sampling techniques were used where the participants are the waqf managers and administrators for that institutional Mutawalli. The total number of the government institutional Mutawallis in Malaysia is 14 covering 14 states in Malaysia. For the northern region, there are four government institutional and this study only selects one government institutional Mutawalli. The data collected are based on the theme which is related to the management aspect, administration procedure, waqf property management, waqf property utilization and the contribution of the property resulting from the visit and interview session with selected officers of the waqf institution in the northern region done in October 2014.

However, the instruments for this study used semi-structured interview questions being developed from the literature review as well as self-developed questions. Interview method was used in order to get rich information from the selected respondents who are the waqf manager for the selected institutions. The interview was conducted within 1½ h at the respondent setting venue to maintain a comfortable nature to let the respondent answered the question. The data were analyzed using Atlas.ti to code the data into the specific theme as described in the following section.

4. FINDINGS

This section will discuss on the findings based on the in-depth interview done by a waqf manager as a participant in one of the government institutional Mutawallis in the northern region. This section will be divided into four sub topics which are (1) Personal experience in waqf area; (2) training and development; (3) responsibilities in managing the waqf property; and (4) waqf property management implementation.

4.1. Personal Experiences in Waqf Area

The first finding from the study is related to the personal experience of the participant in the waqf related knowledge. It is very crucial as human capital and man power plays important role in realising the institutional objective. Thus, as a waqf manager and administrator for the institution Mutawalli, personal experience can portray a good management practice. The participant received his bachelor from University Al-Azhar, Mesir with a Bachelor in Shariah. The participant started working with this institution since 2006 as an assistant officer in waqf department. Since the participant joined the institution, the participant has handling many projects especially, two big projects in waqf. Besides that, the participant also managed and in-charged other departments which are related with Baitulmal and Sumber Am.

4.2. Training and Development

The success of each institution more or less depends on how the managers know task and responsibilities. Hence, with good training and development will definitely enhance their skills and knowledge in the respective area. This will relate to the next finding about how training and development to the waqf...
managers can make them understand their functions in managing the waqf properties. From the interviews, it was found that the participants still lack training and development in how to manage the waqf property. It is prove that per year only three courses have been attended. The courses are related to the management and administration on Baitulmal.

4.3. Responsibilities in Managing Waqf Property

The main purpose of each waqf institution is to achieve the objectives, visions and missions of the waqf institution to fulfill the wishes of the waqif and the mauquf alaihi in managing and developing their waqf property. As waqf managers, the participants are responsible in administering and waqf property to fulfill the waqif wishes. A part from being the waqf managers, the participants are also responsible to another department, such as the Baitulmal, Sumber Am, and other relevant task as requested by the institution. Meaning, the participants are not only responsible with the waqf department, but also with other related tasks such as ceremonial officers. At the same time, the participants are also bound with the institution and a state act procedure where they are not allowed to reveal some of the information as it is a secrecy matter for the institution and the state. Thus, the participants must ensure the information given is not a violation of the established rules and regulation. If the participant need to reveal certain information, it is necessary to ask for permission from the top management or higher authorities.

4.4. Waqf Property Management Implementation

Implementation of the waqf property is the central issue that will affect the potential and opportunity in the utilization of waqf property. As a waqf manager, the participant explained that the implementation of the institutions is guided by the law and the enactment of the State government. Waqf management is positioned under the Baitulmal department covering three main departments such as Zakat, Waqf, and Sumber Am. The management and implementation of waqf departments are consolidated with other departments for the administration of waqf department is still not in broad and not involving lots of funds. Indirectly, it will facilitate the management of Baitulmal department since they also lack human resource to manage all those departments separately.

In addition, the waqf property management and implementation is still under the authority of the State Islamic Religious Council (SIRC). Therefore, all decisions and actions are subjected to the decision by the board members of the Council Meeting besides being approved and certified by the Mufti and the Yang di Pertua Majlis as a supreme member of the board.

5. CONCLUSION AND RECOMMENDATION

The institutional Mutawalli has implemented basic management practices in managing and developing the waqf property. However, the implementation is not being covered as a whole aspect since there are secret matters which cannot be revealed to the public. The purpose of the secrecy is not intended to hide the actual information, but it is for the safety of the information and the institution itself. This is to ensure that some of the information cannot be missed used by another third party to gain benefits and profits on the waqf property. Thus, the waqf managers should be more aware in various aspects, especially related to their own development such as training and development, skills and experiences, knowledge and exposure to the relevant current issues in the waqf property management. However, greater efforts should be undertaken by the waqf institutional Mutawalli in Malaysia to adopt the comprehensive concepts of good management practices. Waqf institutional Mutawalli needs to maintain its credibility and reputations as a professional religious institution in managing, developing and utilizing the waqf property so that other beneficiary can get the equal prosperity for the socioeconomic development.

Based on the interview, there are few challenges that the participants will face in managing the waqf property. First is related to the personal experience in waqf area. Level of education is an important determinant to the working experience as level of education background will enhance the personal experiences in managing the waqf properties. Although the participants’ lack experiences and knowledge management perspectives, the participants still need to be trained and consulted in order to gain more experience and knowledge in management perspectives. Through the new knowledge and skill related area, it will enhance more skill in managing the waqf properties. Hence, waqf institutions are the best placed where the participants can gain more experiences, knowledge and to polish the talent in managing the waqf properties. Furthermore, the institutions also can blend waqf managers’ expertise and level of education in several areas such as management, marketing, information technology, law, and geomatics instead of only focusing on the Islamic education background. With this approach, point of view and suggestion vary according to their qualification and education background. The decision making is more harmonious and definitely, it will suit with the current needs and demands facing with very challenging economic situations. This efforts will guarantee the utilization of the waqf property at the highest level and it will give long lasting benefits to the Ummah.

The second challenge is the training and development in understanding their functions. This is due to the lack of fund by the institution to send them to the related courses. Most of the courses are handled by external training centres or other external waqf institutions such as private or corporate institution where the fees are quite expansive and not affordable by the institutions. This definitely incurred more expenses to the waqf institutions to send their waqf managers to attend the selected training and courses. Therefore, the waqf managers are unable to attend the training and at the same time hinder them from gaining new knowledge and expand their networking. So solve this problem, it is suggested that the institutional Mutawalli can do some collaboration or signing memorandum of understanding with other institutions, especially higher learning institution to allow the waqf managers to participate in all the related courses with cheaper tutorial fees. This step will reduce the institutional Mutawalli expenses for the training and development. Perhaps with the collaboration, indirectly the institutional Mutawalli will also gain academician expertise, advice and opinion related to the waqf property utilization. Moreover, the intuitional Mutawalli can organize round
The waqf managers need to attend more training in order to upgrade their skill and experiences in managing the waqf property. A well-structured, consistent and periodic training will expose them to the current issues and knowledge related to managing the waqf property. At least, the waqf managers should attend two or three time trainings per year on the management aspects or perspectives besides Islamic courses. This is to ensure the waqf managers understand the management concepts and can practice the new knowledge related to the management and start to think out of the box. This will benefit the waqf managers and the institutions to make the management more effective and productive. As a result, more new techniques, strategies and technologies can be implemented in the managing the waqf property. With that new input during the training, it will help the waqf managers as well as the institutional Mutawalli to have an idea how to explore and look at the future opportunity in developing the waqf property suited with the current needs and demands. Successful development of the waqf property will ensure the utilization of the waqf property at the maximum level. Thus, this will ensure the waqf wishes being fulfilled and at the same time, the roles of Mutawalli accomplishes.

The third challenge is related to the responsibilities in managing tasks associated with the waqf property. The main functions and responsibilities of the management as well as waqf managers are to implement a good management features such as to be more transparent, accountable, trustworthy and professional ethic so that the institutional Mutawalli objectives can be accomplished. Moreover, the finding revealed that the waqf managers run multiple tasks at the same time, thus, the waqf managers have been trying fulfill their responsibilities in managing tasks related to the waqf property as well as they can and professionally bound by Islamic work ethics to implement the best management practices. This aspect is to ensure to develop high management practices in the institutional Mutawalli. However, there are still few of the management aspects that the waqf managers cannot reveal as a secrecy factor of the institutional Mutawalli to the public such as all documents related to the regulatory procedure. Moreover, shortage of fund is also the main challenge since the institution cannot hire more staff to manage the waqf property or, at least, the waqf department.

The fourth challenge is related to the waqf property management and implementation. Effective and efficient management implementation is the road to developing a good institutional practice. Good management practices can be either from the government institutions or non-government institutions. With a good management practice, it will be value added as well as to strengthen the position of that particular institution. From the interviews, it is clearly shown that this institution has strictly it is their management practices accordance with that SIRC procedures and provisions. Definitely, all aspects in waqf property management affairs are bound by the enactment provisions that are laid down.

These institutions are using their own management style and not similar with other SIRC from other states even though their functions and roles for every state are quite similar. Moreover, the waqf management is still under Baitulmal department due to lack of human capital to manage the department separately. The participants are also not given the freedom to manage the waqf property with their own style. For example, to manage the waqf property in a commercial way cannot be done caused still bound by the enactments and provisions as assigned by SIRC. Possibly the waqf managers should be given the freedom to manage the waqf property, but still comply with the Shariah requirements. Besides that, the freedom is to meet the demands of an increasingly challenging economics and require different methods and implementations. Thus, the waqf property management should be done in a conducive manner and to be privatized to meet future demands. Moreover, these methods are not of the intention to commercialize for profit making, but to generate more income for the sustainability of the waqf property. It is not just profit making in general, but the advantage still holds on to the Shariah compliance and seek the welfare of the Unmub. For example, previously the mosque is built for the purpose of Ibadah, however, the purpose and function can be diversified to multi purposes such as to build kiosks for small businesses and classrooms or hall for Islamic education program. Thus, indirectly it will ensure the cleanliness of the mosque and its surrounding area.

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