

SCRUTINIZING THE EFFECTS OF RESTRUCTURING IN PERBADANAN WAKAF SELANGOR

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Abstract: *Waqf plays an important role in Muslim society. In Malaysia, waqf is placed under the jurisdiction of the state governments, which resulted in 14 sole trustees with different managements. In improving waqf management, few sole trustees had done their restructuring plan and formed new entity to improve their waqf management, while most of the trustees are still using the traditional structure, attaching Waqf Department or Waqf Unit in their management. This paper aims to explore the effect of the restructuring plan that has been carried out in waqf management in Selangor. An in-depth interview was conducted involving two informants from Perbadanan Wakaf Selangor (PWS). The finding revealed that the restructuring plan was a fruitful and brought positive effects to waqf management. PWS has become more focus in the development of waqf properties and innovative in offering waqf products as well as waqf channels. The result was supported by the evidences from various waqf products, the increasing in cash waqf collection, the on-going and completed projects and also the series of waqf properties development planned ahead.*

Keywords: *restructuring, waqf management, waqf development.*

Introduction

The institution of waqf plays a significant role in Muslim societies. It has grown steadily and benefiting the people in various fields. The waqf assets are frequently devoted in maintaining religious institutions; including the salaries of imams and teachers, expenses of cleaning, water supply and oil for the lights (Kahf, 2003). There are a great number of mosques all over the world that made variety contributions to the study of Islamic art and science. Among the celebrated mosques are Mosque of Mansur in Baghdad, the Umayyad Mosque in Damascus and Prophetic Mosque (Masjid al-Nabawi) of Madinah (Siti Mashitoh, 2006).

The tremendous contribution of waqf can also be found in educational institutions. It has been said that about 70 awqaf schools in Jerusalem were built as contribution to free education at the outset of 5th and 12th centuries. The number of high schools and universities built by this pious endowment are up to or even above 100. Examples of these are Al-Azhar University in Cairo and Shrine College of Abu Hanifah in Baghdad (Siti Mashitoh 2006). Other than religious activity and education, the role and contribution of waqf had also been noted and discussed by previous researchers in other areas such as health services, sosio-economic and fundamental infrastructure (Razali & Rohayu, 2011). During the glorious Ottoman period, waqf played a major role to satisfy the needs of human from born to death (Kuran, 2001).

Despite the magnificent and overwhelming achievements, the history of waqf is turbulent one, which they experienced dramatic ups and downs. The greatest destruction of waqf took place in Turkey, an Islamic country which was not colonized (Cizacka, 2011). The underdevelopment and backwardness of waqf system has haunted the Muslim societies for such a long time. However, to this date, we can witness the revival of waqf in new light such as Saudi Arabia (Hydzulkifli & Asmak, 2013), Indonesia (Hari & Asmak, 2010) and Singapore (Shamsiah, 2010),

While our neighbour, Singapore with Muslim being a minority had been recognized for their outstanding innovation in their waqf management (Soraya, 2006), Malaysia is still suffering from a big amount of underdeveloped waqf land. The current statistic by the Chief Executive Officer of Yayasan Wakaf Malaysia (YWM) revealed that only around 10% from the total 30889 hectares waqf land has been developed (Sudin, 2016). The huge percentages of unutilized waqf properties suppose to benefit Muslim society yet remain idle.

In Selangor, the performance of waqf management has gained attention from their Ruler or the *Sultan*. The performance and role were not balance between zakah and waqf. In order to achieve the desire performance, Majlis Agama Islam Selangor (MAIS) was instructed by the Ruler to establish Perbadanan Wakaf Selangor (PWS), a wholly-owned subsidiary to administer their waqf matter. Hence, this paper attempts to explore the effect of major restructuring in waqf management in Selangor. The rest of the paper is organized as follows. The next section will discuss the literature on waqf management followed by the explanation of research methodology. The paper then proceeds with discussion of findings and ended with conclusion.

Literature review

Waqf is charitable act and also known as Islamic endowment. From *syari'ah* point of view, waqf can be defined as retaining certain property with the intention of using the benefits for philanthropy act, where there is prohibition of waqf assets usage outside of its righteous purpose (al-Zuhaili, 2010). Waqf assets cannot be sold or disposed in any form. The perpetuity principle of waqf means that waqf assets only liable to increase from its domain since it is illegal to left them idle by any action of neglect or transgression (Kahf, 1998).

Issues on waqf management had been discussed in recent years where several studies had been conducted in respective area focusing on improving waqf management. Among the focus of previous studies are the limited human resources, involvement of professional and unbalance management structure. The problem of limited human resources in managing waqf

has been mentioned since ages by Kamarudin (1992), Nik Mohd Zain and Azimuddin (1999), Abu Bakar (2007) and Sohaimi and Syarqawi (2008). Most of MAIN had only a few staff under small department or unit. The number of the staff normally within five to fifty people, and it is different in each state.

Other than limited human resources, MAIN also needs the involvement of professionals in their organization. The former Chief of Justice, Tun Abdul Hamid bin Haji Mohamad had echoed this issue when he was in-charged as Judge in the Federal Court. He mentioned that it is naive to think that waqf departments must be run by Islamic scholars and *hafizs* only. MAIN needs at least a good property manager to deliver their responsibility (Siti Mashitoh, 2006).

The issue of limited human resource and professional involvement in waqf management were part of the organization structure component. Few researchers had discussed on this issue recently. Study done by Shamsiah (2010) explained the overall structure of waqf in Singapore. Shamsiah (2010) mentioned that the key factors to achieve a higher level of competent in waqf management are innovative solutions, latest technology and administrative prowess. To achieve the administrative prowess, Majlis Ugama Islam Singapore (MUIS) has engaged Warees Investments Pte Ltd (Warees) to act as *mutawalli* while MUIS remains as trustee. Warees had major responsibility on development, sale, purchase, maintenance and tenancy of the properties. Hence, MUIS can concentrate on regulatory roles and improving its corporate governance on waqf (Shamsiah, 2010).

The management framework applied in Singapore was not widely used by Majlis Agama Islam Negeri (MAIN) in Malaysia. However, the issue had been addressed and discussed by few researchers. Mohd Afandi, Afiffudin and Baharuddin (2014) explained the administrative problem from MAIN's typical organization structure. One can witness the function of waqf always under Baitulmal Department. The negative implication from this structure is the staff could not focus on waqf only. While the responsibility of waqf included planning and implementing the development activity, the staffs also has to look into other matter such as other Baitulmal properties. The Workload and lack of staff were among the issues that contributed to another problems such as incomplete waqf data and waqf land invasions.

The suggestion on amending current organization structure of MAIN had been proposed and discussed by Hassan Hapizi and Mohamad Idris (2010) as an effort to improve the waqf management. They highlighted several problems faced by MAIN such as limited human resources, heavy workload and unbalanced focus between zakah and waqf management. To solve those issues, MAIN has to look into their needs and amend the structure accordingly. Few divisions have to be formed in the structure such as Legal, Research and Development and others. They also propose waqf to has its own department, separate from Baitulmal or General Resources. This internal amendment was also supported by Mohd Afandi et al. (2014).

Other than internal amendment on the structure, the former Head Director of Jabatan Wakaf, Haji dan Zakat (JAWHAR) had mentioned about the establishment of Waqf Corporation in each state to improve and strengthen the performance (Anan, 2015). To date, Negeri Sembilan and Selangor already operated their waqf matter as separate entity from MAIN, while Majlis Agama Islam Wilayah Persekutuan (MAIWP) already announced about the formation of waqf corporation (Hashnan, 2016). This major revamp however need a lot of consideration from

various aspects such as legal and finance. MAIN may have to go through intricate procedures along the way of waqf corporation establishment.

The study conducted and discussed above mentioned several suggestions that had been made in order to improve waqf management by MAIN. There are also research attempts to explain the changing in organization structure will help MAIN to rejuvenate their waqf management, either by using internal amendment or by having separate entity or corporation. However, there is lack of evidences that prove the changing of structure done by MAIN lead to better waqf management. Nurul Azma and Muhammad Nasri (2015) had conducted a library research discussing on the restructuring plan by PWS. This paper then aimed to fill the gap by focusing on the establishment of waqf corporation in Selangor by using qualitative approach. The research on effect of restructuring by PWS needs to be conducted to prove the effectiveness of the restructuring plan. The methodology employed will be explained in the next section.

Methodology

This study was conducted using qualitative approach to explore the effect of restructuring in waqf management in Perbadanan Wakaf Selangor (PWS). Data was collected through in-depth interview with two informants. The Chief Executive Officer (CEO) represented the higher management and the Assistant Executive (AE) from Marketing and *Dakwah* Department represented the operation level. The interview was held at PWS's office in Shah Alam, conducted mainly in Malay language, and translated into English by the researcher. The interview was taped then transcribed to ensure that every statement is safe, recorded and easy for analyzing process. The data analysis framework by Miles Huberman and Saldana (2014) was used involving the process of data condensation, data display and drawing and verifying conclusions. Data analysis was processed using Atlas.ti V8. Findings will be discussed in the next section.

Findings and Discussion

Waqf management was originally under Majlis Agama Islam Selangor (MAIS) before the year of 2011. Previously, MAIS had a typical structure, which the Waqf Unit was arranged under the Mal Department together with *Faraid* Unit and *Wasiyyah* Unit. The small unit could not cater the huge responsibility of waqf. The establishment of Perbadanan Wakaf Selangor (PWS) in 2011 was aimed to develop and optimize the waqf properties that have potential, as an effort to strengthen the economy of Muslim society. PWS is led by The Royal Highness of Sultan Selangor and chaired by Dato' Ramli bin Mahmud. It has 10 members in the Board of Directors (BOD) appointed from various field. The management of PWS is led by Chief Executive Officer (CEO), with the assistant of Vice CEO.

From the earlier formation, there are four main departments in PWS. Among the departments are Administrative Department, Financial Department, Marketing and *Dakwah* Department and also Research and Investment Department. Internal Audit Unit was formed a little bit later after the operation and reported directly to the CEO. PWS has 54 staff in total, which the highest number of the man power, 20 staff being assigned in Marketing and *Dakwah* Department while the second one, Research and Investment Department has 14 staff. The

CEO mentioned that they are focusing on the improvement in cash waqf collections, to distribute the benefits and the development of waqf properties. Hence, many staff had been put in these two departments.

The effects of restructuring

The findings show that the restructuring carried out by MAIS and PWS has given positive effects on waqf management. It has been mentioned by the CEO, before the establishment of PWS, they were struggling with typical problems like limited human resources, heavy workload and incomplete waqf data. After PWS had been formed, among the first things they did was to track all waqf properties and make sure the records and documentations were in order. Having a proper data make it easier for them to plan for the development. PWS has become more systematic in their properties development by implementing the waqf land grading system. The CEO stated that;

“..we did grading system with eight categories to determine the potential of the development..from this system we know which properties have potential and we concentrate on that..”

The grading system was insisted by one of their BOD members that has expertise as a developer. The lands with grade A were the most valuable and have the potential of development while the other grades have their own functions like commercial, industrial, housing, agriculture and others. Waqf lands that could not be developed because of the size or location were grouped in grade G for *istibdal* purpose. In their early establishment, PWS had a strategic collaboration with Nada Sepakat (M) Sdn. Bhd. to develop 30 units of semi-detached house in Jalan Kebun, Klang. In 2014, PWS formed its own developer, Urus Maju Ehsan (M) Sdn. Bhd. (UME) to concentrate on waqf land development. The table below shows the list of projects they already planned;

Table 1 Development planned by PWS and UME

List of Projects	Type of Development
UME Ehsan Residence, Seksyen 30, Shah Alam	Business and residential
UME Teratai Avenue (A), Meru Klang	Business
UME Teratai Avenue (B), Meru Klang	Business
UME Gemersik (A), Meru Klang (20' x 58')	Residential
UME Gemersik (B), Meru Klang (20' x 87')	Residential
UME Idaman (A), Meru Klang (22' x 97')	Residential
UME Idaman (B), Meru Klang (20' x 97')	Residential
UME Impian (A), Meru Klang	Residential
UME Impian (B), Meru Klang	Residential

The residential development aims to help and increase Muslim ownership of property using waqf concept as a solution, As we can witness in the past few years, the price of the houses were sky-rocketing and still are. So the houses are offered with affordable price and slightly lower from the market value. For the economic purpose, PWS has developed business or commercial units for rental. PWS also bought few units of commercial space in Puchong and Shah Alam for rental purpose. Other than the development plans that had been mentioned above, PWS also had a track record of several completed projects. Among the projects were the developments of Masjid Tengku Kelana Jaya Petra (RM8 mil.), Masjid Tengku Ampuan Jemaah Bukit Jelutong (RM25 mil.), and Madrasah Tahfiz Miftahul Ulum (RM25 mil.).

Besides properties development, PWS also aims to improve cash waqf collection and distribution. Cash waqf had been introduced when waqf management was under MAIS but the performance was a bit slow. One of the reasons was due to lack of promotion. Hence, in PWS, they focus more on innovative and convenient way to attract *waqif* or contributors. The Assistant Executive mentioned that;

“..we want to provide the facilities and waqf channel that were easy to use like online banking..we cooperate with Maybank and CIMB to encourage people to donate..instead of traditional waqf, we want to offer more hybrid waqf product so everyone can participate..”

PWS offers range of waqf products and each product has its own target segment. Waqf Gold was introduced to attract the woman, where they can contribute their gold accessories or even gold bar. Waqf Art was launched to attract those who work in the art field. For those in the business field, PWS introduced Corporate Friends Program. Using this platform, the organizations involved will contribute to waqf from their yearly revenue. *Waqif* can contribute using any convenient way, such as cash on counter or agent, salary deduction, auto debit or one-off online transaction to name a few.

Since the establishment of PWS, the increasing rate of waqf collections can be seen as shown in the Diagram 1 and Diagram 2. Diagram 1 represents the collection of general waqf. During the early year of establishment in 2011, the amount were only RM993,342.00 and start increasing each year afterwards.

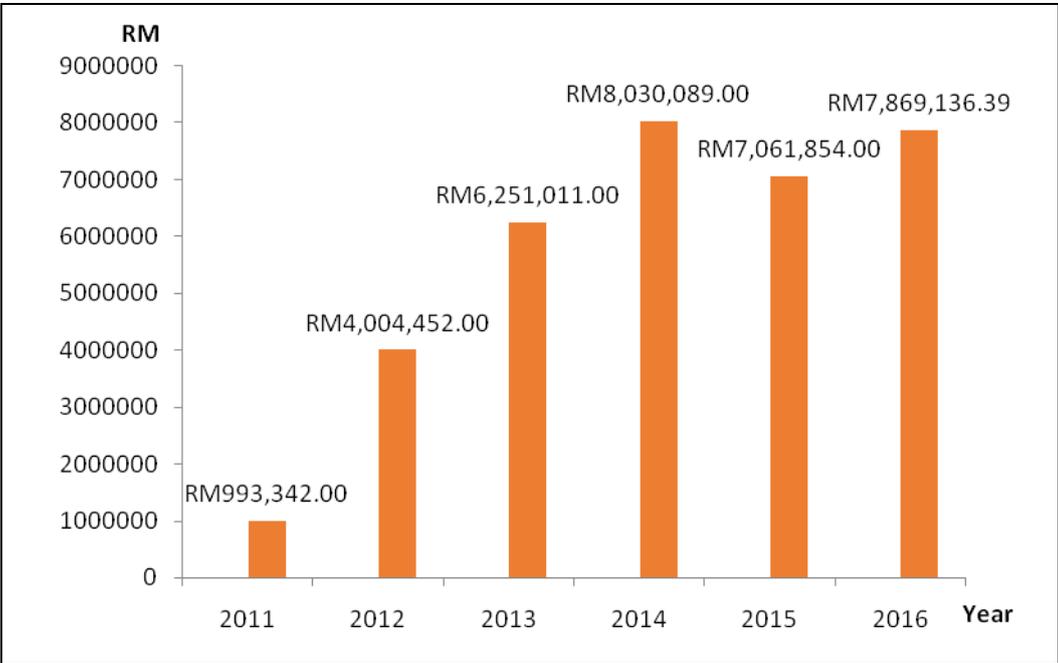


Figure 1 General Waqf Collection

Diagram 2 shows the specific waqf collection. Contra with general waqf, the amount was higher in 2011 but has dropped in 2012. This situation may due to the aggressive promotions on the early establishment. But from 2012, the amount was steadily increasing and in 2016 PWS achieved RM 35,136, 362.85 of collection.

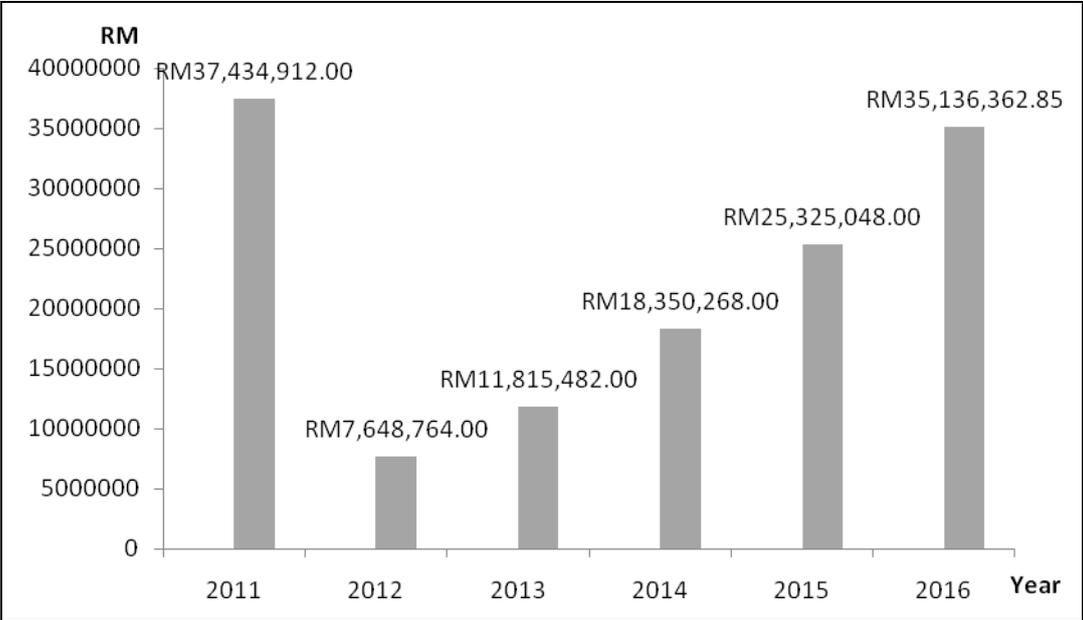


Figure 2 Specific Waqf Collections

PWS works hard on marketing to promote their waqf products. They appointed Ustaz Don Danial as PWS Waqf Ambassador. Many talk programmes and *kuliyyah* about waqf were arranged either in private or government sectors to encourage people to participate in waqf through salary deduction. They also use mosques and *surau* all over Selangor to promote this sacred practice through the Friday’s sermon or *kuliyyah* after Maghrib. PWS has launched Waqf Month Campaign consisted the month of Rejab, Syaaban and Ramadhan to attract more contributors. For private sector or government link company (GLC), PWS promotes waqf as one of the corporate social responsibilities. Tax exemption was offered to the organizations that contribute to PWS. Tax consultant was engaged as corporate agent to consult on tax matters. Hence, all the efforts in introducing variety of waqf products, providing convenient ways to donate waqf and marketing done can be seen in the increasing of cash waqf collections.

PWS policy required cash waqf collected to be transferred into physical assets using 70-30 portion. 70% will be channelled for investment. For this portion, PWS will focus on acquiring more assets such as land or building, either by purchase or development on their own. The portion of 30% will be distributed for *fi sabilillah* purposes such as mosque and *surau*.

From the above discussions, the positive effects of the restructuring in PWS can be seen in the area or marketing and development of waqf. Both CEO and Assistant Executive stated that they can be more focus, aggressive and proactive in managing waqf in PWS.

Conclusions

The problem of waqf management in Malaysia has always being mentioned by the researchers due to its slow progress in the development, bureaucracy and others. MAIN as a sole trustee of waqf properties needs to come up with a solution to solve the problem. One of the propose solution is by having waqf corporation as mentioned by the previous researcher. This study on PWS resulted that after the restructuring, the positive effects can be seen in the marketing and development. The cash waqf collection has increase because lots of marketing programmes can be done, various product and waqf channel been offered. The cash collection then will be transferred into the development of assets. This can solve the financial problem that always becomes a constraint for MAIN. The restructuring plan needs to be detail out in terms of legal, financial, strategic planning and other aspects. The risk of failure should also be calculated into account. The crucial and delicate consideration has to be made to avoid the bigger failure.

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