

# Investigating Issues and Challenges in Utilising WAQF Property

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## Abstract

Waqf property which is a proper, efficient, well managed and organized will give a positive impact to the community especially on socio-economic aspect. Besides, it will also portray the optimum utilisation of the waqf property by the mutawalli in upholding their responsibility. In Malaysian scenario, waqf property is managed and administered by the State Islamic Religious Council (SIRC) who is acting as a sole trustee at the state level. Currently, there are 14 SIRC's who play their role in managing and administering the waqf property. Even though each SIRC plays its role, there are still unutilised waqf property due to several issues and challenges. Therefore, the purpose of this paper is to reveal the issues and challenges faced that lead to the unutilised of waqf property. A qualitative method is employed in this study using library search as well as semi structured interview on the selected SIRC in the Northern Region of Malaysia as a case study. The study revealed that there are four main issues and challenges that contribute to the unutilised of the property such as non-strategic of waqf property location, lack of fundraise, building orientation which is not suitable, and lack of infrastructure and facilities. The findings of this study are hoped to contribute towards better utilisation of waqf property planning for the benefits of ummah social-economy.

**Keywords:** utilisation, unutilised, waqf institutions, waqf property.

## 1. Introduction

Waqf property or *mauquf* is one of the elements in the waqf constituent. Effective, efficient and systematic waqf property management will give implication towards the socio-economic development to the community. The waqf property management can be focused at the operational level as well as at the top management level. Good cooperation from both levels of management will enable the utilisation of the waqf property up to the optimum level. Therefore, issues related to managing and utilising the waqf property become important. To manage the waqf property basically relies to on how the waqf institution caters with the challenges and issues to utilise the waqf property (Norma, Suhaimi, Ahmad Zamri, Zarinah, & Muhammad Yusuf, 2017). Thus, the purpose of this study is to undertake the issues and challenges faced by the waqf institution in order to utilise the waqf property optimally.

Section 2 of this paper provides the literature review, while Section 3 describes the methodology. The paper then proceeds with section 4 on the findings and discussions on issues and challenges on waqf property utilisation. The conclusion of the paper is presented in Section 5.

## 2. Literature Review

According to Al-Munjid fi Al-Lughah wa Al-A'lam Dictionary, (1986), waqf from language perspective comes from the Arabic word waqafa which means to hold or stop. Whereas, from terminology perspective waqf mean restraint, where a sacred thing or property and it must be a halal form of

substance to be used for the purpose of good and the benefits from it.

Meanwhile, according to Asmak, (2009), *waqf* means a form of surrender of property either expressly (*sorih*), or satire (*kinayah*), where the property is detained and only its benefits are applied for welfare purposes whether it is general or special.

The constituents or pillars of waqf consists of four basic subject which are i) *waqif* (the waqf donor), ii) *mawquf* (subject matter or donated property), iii) *sighah* (the declaration) and iv) *mauquf alaihi* (the beneficiary or recipient of the waqf) (Manual *pengurusan tanah wakaf*, 2006). The waqf property can be divided into two types which are 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 & Nur Diyana, 2011).

Different types of waqf property will lead to different style in managing the property. Thus, the waqf institution is responsible to ensure that the property is well managed accordingly so that it can be utilised. From Malaysian perspective, waqf property is managed and administered by the State Islamic Religious Council (SIRC) (Hasyeilla, Rusnadewi, Rabitah, & Siti, 2015). Overall there are fourteen SIRC's all over Malaysia and all the SIRC's are acting as a sole trustee at the state level. Each state has a Sultan or a King as the main ruler and lowers the power to the SIRC related to waqf issues at the state level (Juraish Kamaruddin, 2008). Therefore, it is the responsibility of each SIRC to manage, administer and monitor the development of the property until it is fully utilised accordingly. However, the establishment of the Department of Waqf, Hajj and Umrah (JAWHAR) in 2004 is to facilitate and consolidate the regulations, procedures and administration of all the SIRC's at the national level (Ahmad Zamri, 2010; Norma, Suhaimi, Ahmad Zamri, Zarinah, & Muhammad Yusuf, 2017). This is to ensure that all the SIRC's manage and administer the waqf property following the ruling that have been

set up. Besides SIRC, there are also registered private and corporate institutions to cooperate in managing the waqf property (Abd Shakor, 2011). Besides the registered private and corporate institutions, there are also waqf properties entrusted to certain parties or individuals such as *imam*, mosque committee members, village headman and other parties other than SIRCS (Mohd Afandi, Baharuddin, Ahmad Zaki, Amal Hayati, & Razali, 2014). Therefore, these cooperation and joint venture are guaranteed to connect the expertise, energy and social responsibility to develop and utilise the waqf property.

Development and the increasing number of waqf property development today show some positive improvements (Farhana, Asmak, & Sabitha Marican, 2014). The rapid development will have a huge impact toward the utilisation of the waqf property in the aspects of social welfare, business establishment and the continuity of *Ummah's* life (Hasyeilla & Selamah, 2016). Thus, it is important for the waqf institutions to safeguard the waqf properties which are optimally utilised. Literally, 'utilisation' comes from root word 'utilise' which means to make use of something either physical or non-physical item (*Word Power Dictionary*, 2008). Concurrently, *Federal-Chamber Advance English Dictionary* (2009), describes the word 'utilisation' as a situation where a person or organisation utilises something when they use it, especially in a practical way. As stated by Nurshuhaida and Siti Zaiton (2012), utilisation from Islamic perspective is it moves in the discipline of a society where it focuses on the action of an individual and a community in the production, distribution and the use of activities parallel with the rules of Allah SWT. This is because the Al-Qur'an also emphasizes the welfare of the poor and the lower income group.

Thus, this is aligned with the national objective towards the development of waqf property. The waqf property development meet the strategic objective to facilitate the poor and the lower income group to have better standard life of living (*Laporan Tahunan JAWHAR*, 2012). Thus, the utilisation of the property after the development is very crucial since it helps the recipients to receive the benefit from the waqf property. So, the primary function of the waqf institutions is to have an effective management of the waqf property so that it continues to benefit the community (Farhana et al., 2014). Utilisation of the waqf property indirectly can motivate the waqf institutions to achieve their goals, visions and missions for strategic planning purposes. On the other hand, it can also contribute to the productivity of the organisation structure such as human resource effectiveness and wellbeing (Nutt, 2000). Besides that, utilisation of the property opens an opportunity to business success through the collaboration with other institutions and indirectly facilitates the pool of funding. In addition, with the collaboration this will reduce the risk as both parties are jointly utilising the waqf property.

### 3. Methodology

This study uses qualitative design approach. The respondent for this study is the waqf manager from the selected waqf institution in the northern region. Semi-structured interview supported with a document review was implemented in order to gain more information. The procedure began by sending the interview questions via email followed by a phone call to confirm the interview date and session. The interview session setting was at the respondents office where this is to ensure the convenience of the respondent. The interview session was recorded using a digital recorder with the purpose of gaining the information. Next, after the interview session ended, the interview conversation was transcribed and analysed during a computer aided software, Atlas.ti 8. The function of the software is to identify the themes that are relevant to the study and to make the analysis easier.

## 4. Findings and Discussion

Based on the information collected from the interview session conducted with the selected SIRC manager, the issues and challenges faced by them which led to the unutilised waqf properties will be discussed in this section. The discussion will be elaborated in four main themes which are lack of funding, orientation of building which is not suitable, non-strategic location, and lack of infrastructure and facilities.

### 4.1. Lack of Funding

Based on the interview conducted, we found that the biggest issue and challenge faced by this SIRC in utilising waqf properties is lack of funding. There are waqf properties to be managed and utilised for community. However, to manage and utilise such as planning to build a shop lot, mosque and school for example, needs more and larger funding to ensure that it can be done. Waqf institution do not have expertise in construction area, therefore they need to pay other professional bodies such as architect, engineer, land surveyor and planner to help them for this matter. Not only that, after all the construction section is settled where the building has been built as planned, there are more funding needed to manage the waqf properties especially in maintaining the building. Even at an early stage, looking for the best plan from the best contractors also need more funding. Therefore, the biggest challenging factor in utilising waqf property as mentioned by the interviewee is lack of funding.

In running the waqf department under the SIRC and institution governed by state, there is no specific fund from the state government for them. Waqf department needs to find their own money to be used for management as well as utilising waqf property. This is not an easy task for them as a management team with other responsibilities. In addition, based on the respondent's personal views, the community awareness and understanding are still low in terms of waqf procedure and habit to contribute to the waqf fund. People may know that there are many waqf properties which have been developed but not yet utilised, the blame will go to the waqf institution assuming they do not take care of the waqf properties. While actually it is simply because of the lack of funding to utilise it.

In specific case for this SIRC, their first plan is to develop a huge waqf place which includes several shop lots, *madrasah* and schools. However, due to budget cutting and lack of funding, they manage to build only one building and ended up with the building cannot be operated without other buildings. Therefore, the waqf properties have been developed partly but cannot be utilised due to lack of funding to continue the other parts of the construction. When the building is left without maintenance and no tenant rent the shop lots or the building so the worse situation is unutilised project until the end.

### 4.2. Orientation of Building which is not suitable

The second issue and challenge faced by this waqf institution in utilising waqf properties is the building orientation is not suitable or wrongly built. This happened when the building was built not facing the road instead facing a field with the road behind the building. When a building is not facing the road, people cannot see the building. The building seems like it is not yet ready to be used. When this happened, no one will want to go to that kind of place because people think it is not a shop lot and nothing that they can do there. Due to the fact, that no one wants to go to that place, so it is not suitable for business and the place cannot be rented. In the end, the place is just left like that and no income can be collected. This is a very huge waste.

As mentioned earlier, the orientation of the building is not suitable due to the contractor who did not follow the plan which was been approved and agreed on. However, the contractor did not follow

because of the funding or budget to build the building as agreed had been cut down and was not enough to continue the rest of the construction. The original plan was to have 4 huge buildings but in the end, only one building was built and the rest of the project had to stop because there was no budget to continue. This is the chain factor from the lack of funding and affects the wrong orientation of the building built. In fact, this building is actually near to the kindergarten and *madrasah* which is actually very suitable and complement the place for Muslim community. However, because of only this building was built and the orientation of the building is not suitable, its effect is no one can benefit from the building. Until now, the building is still there without any activities.

### 4.3. Non-Strategic Location of WAQF Property

The third issue and challenge found in this study based on the interview is the building or the waqf property is located at a non-strategic location. As stated in many land business concept, the most important aspect in buying a building or a land is the strategic location. So, with the issue of non-strategic place, it will lead to chain problem because non-strategic place will lead the tenant to receive low income due to unknown place of their business.

Not only that, because of the non-strategic place of the waqf properties, the balance space of waqf properties is not enough to build a suitable building which will benefit the community. As mentioned in the interview, the informant said, there are several waqf properties located at non-strategic places and small size of lands, therefore the waqf properties could not be developed as well as utilised.

### 4.4. Lack of Infrastructures and Facilities

Another issue and challenge found in this study is the lack of infrastructures and facilities which affects the waqf institution in utilising waqf properties. In the effort of utilising the waqf properties, infrastructures and facilities are needed to ensure that the utilisation process can work smoothly. Waqf institution tried to gain cooperation like signing the Memorandum of Understanding (MoU) with other related institutions to help them in terms of infrastructures and facilities to develop the properties. However, until now, this waqf institution fails to gain any MoU with any related institution.

Besides that, the waqf institution is also facing a transition period problem in the phase of transformation to IT system. Nowadays, all the state government institutions have to transform their system from manual to IT system. So, this transition period still incurs cost on human resource or admin staff as well as infrastructures and facilities. Therefore, the lack of infrastructures and facilities is one of the issues and challenges faced by the waqf institution in utilising waqf properties.

## 5. Conclusion

In summary, this study found four main issues and challenges faced by the waqf institution in the effort to utilise the waqf properties. The issues and challenges include the lack of funding, orientation of building is not suitable, non-strategic location, and lack of infrastructures and facilities. The most crucial issue is the lack of funding. Waqf institution needs to be more productive and creative in collecting more waqf fund to develop as well as to utilise the waqf properties. Not only that, waqf institution also needs to alert the community especially the Muslims that waqf institution could not use the zakat fund because it is for the *asnaf* and not for waqf development. Therefore, Muslim community has to contribute more on waqf fund to help the waqf institution in developing as well as utilising the waqf properties.

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