

**THE PRACTICE OF WAQF LAND DEVELOPMENT IN MALAYSIA:
A SOCIAL ENTERPRISE BUSINESS PERSPECTIVE**

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THE PRACTICE OF *WAQF* LAND DEVELOPMENT IN MALAYSIA:
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THE PRACTICE OF WAQF LAND DEVELOPMENT IN MALAYSIA: A SOCIAL ENTERPRISE BUSINESS PERSPECTIVE

ABSTRACT

A large percentage (92.8 percent) of *waqf* lands in Malaysia are undeveloped due to inefficiency of *waqf* management and financing by the State Islamic Religious Councils (henceforth referred to as the Councils) that function as *waqf* trustees responsible for generating income from the current *waqf* to fulfill the needs of the beneficiaries and societies. In view of this issue, the objectives of this thesis are fourfold: (1) To examine the current *waqf* land development models employed by the Councils as social enterprises in Malaysia; (2) To examine the organizational strengths and weaknesses of the Councils in developing *waqf* lands; (3) To investigate perceived factors of the current *waqf* land development that contribute to the Councils' success as social enterprises; and (4) To analyze the social impact of *waqf* land development to the communities. The study employs a mixed methods approach comprising both qualitative and quantitative. With regard to the qualitative method, semi-structured interviews were conducted with 22 *waqf* officers from 14 Councils across Malaysia. Meanwhile, for the quantitative approach, a survey questionnaire was employed to seek responses from 315 respondents from the communities who use and gain benefits from various categories of *waqf* land development. From interview data, themes were developed and organized into two categories; (i) the Councils' practices for *waqf* land development and (ii) the social impact to the communities. Results from the interviews indicate that economic value is of primary importance when developing *waqf* lands for their sustainability. The interviews also reveal the income distribution model adopted by the Councils for *waqf* land development. There are nine factors for current *waqf* land development that contribute to the Councils' success as social enterprises: (1) various types of *waqf* development; (2) sustainability; (3) opportunity; (4) knowledgeable; (5)

financing creativity; (6) monitoring; (7) support; (8) public involvement; and (9) human development. Meanwhile, results from the questionnaire survey manifest that *waqf* benefits emerged from various categories of *waqf* land development are the most needed by the communities. The results further indicate that there is a significant difference between the needs of the communities and their satisfaction towards *waqf* land development. Further, the results evince, all mean scores for the needs of communities are higher than the mean score for their satisfaction. As such, the results provide empirical evidence that the current *waqf* land development has not met the needs of the communities. This study contributes to the literature on social enterprise business model for *waqf* activity, and *waqf* communities. Furthermore, it provides a methodological contribution through the formulation of questionnaire concerning *waqf* land development based on findings from qualitative data. The main implication of this study is that, it provides new and relevant perspectives on future *waqf* land development beneficial to the Councils and other *waqf* institutions.

Keywords: social enterprise, social enterprise business model, *waqf*, *waqf* land development

AMALAN PEMBANGUNAN TANAH WAKAF DI MALAYSIA: SATU PERSPEKTIF PERNIAGAAN PERUSAHAAN SOSIAL

ABSTRAK

Terdapat sebahagian besar (92.8 peratus) tanah wakaf yang belum dibangunkan di Malaysia akibat ketidakcekapan pengurusan wakaf dan pembiayaan oleh Majlis Agama Islam Negeri (selepas ini dirujuk sebagai Majlis) sebagai pemegang amanah wakaf yang bertanggungjawab menyediakan pendapatan daripada wakaf semasa untuk memenuhi penerima manfaat dan masyarakat. Berpandukan kepada isu ini, terdapat empat objektif tesis: (1) Untuk mengkaji model pembangunan tanah wakaf semasa yang dilaksanakan oleh Majlis sebagai perusahaan sosial di Malaysia; (2) Untuk mengkaji kekuatan dan kelemahan Majlis dalam membangunkan tanah wakaf; (3) Untuk menyiasat faktor-faktor dalam pembangunan tanah wakaf semasa yang menyumbang kepada kejayaan Majlis sebagai sebuah perusahaan sosial; dan (4) Untuk menganalisis kesan sosial pembangunan tanah wakaf kepada komuniti. Kajian ini menggunakan kaedah campuran di mana kedua-dua pendekatan kualitatif dan kuantitatif digunakan. Dalam pendekatan kualitatif, temu bual separa berstruktur telah dijalankan dengan 22 pegawai wakaf daripada 14 Majlis di seluruh Malaysia, dan bagi pendekatan kuantitatif, soal selidik telah digunakan untuk mendapat jawapan daripada 315 responden yang terdiri daripada komuniti yang mengguna dan memperolehi manfaat daripada pelbagai kategori pembangunan tanah wakaf. Daripada data temu bual yang diperolehi, nod/tema telah dibangunkan dan dibahagikan kepada dua kategori; (i) amalan Majlis dalam pembangunan tanah wakaf dan (ii) kesan sosial kepada komuniti. Dapatan daripada temu bual menunjukkan bahawa nilai ekonomi adalah sangat penting apabila membangunkan tanah wakaf untuk kemampuannya. Temu bual juga mendedahkan model agihan pendapatan yang diguna pakai oleh Majlis dalam pembangunan tanah wakaf. Terdapat sembilan faktor pembangunan tanah wakaf yang menyumbang kepada kejayaan Majlis sebagai perusahaan sosial: (1) pelbagai jenis pembangunan wakaf; (2)

kemampuan; (3) peluang; (4) berpengetahuan; (5) kreativiti pembiayaan; (6) pemantauan; (7) sokongan; (8) penglibatan awam; dan (9) pembangunan manusia. Sementara itu, dapatan daripada soal selidik menunjukkan bahawa manfaat wakaf dari pelbagai kategori pembangunan tanah wakaf adalah kehendak yang paling penting bagi penerima manfaat. Dapatan selanjutnya menunjukkan bahawa terdapat perbezaan yang signifikan antara kehendak komuniti dan kepuasan mereka dalam pembangunan tanah wakaf. Dapatan kajian juga menunjukkan bahawa semua skor min untuk kehendak komuniti adalah lebih tinggi daripada skor min kepuasan mereka. Oleh itu, dapatan kajian memberikan bukti empirikal bahawa pembangunan tanah wakaf semasa tidak memenuhi kehendak komuniti. Kajian ini menyumbang kepada literatur model perniagaan perusahaan sosial dalam aktiviti wakaf dan komuniti wakaf. Selain daripada itu, kajian ini menyumbang kepada literatur menerusi tumpuan kepada kehendak komuniti, dan juga kaedah penyelidikan di mana soal selidik pembangunan tanah wakaf telah dibangunkan berdasarkan dapatan data kualitatif. Implikasi utama kajian ini adalah untuk memberi perspektif baru dan berkaitan kepada Majlis dan institusi-institusi wakaf yang lain dalam membangunkan tanah wakaf di masa depan.

Kata kunci: perusahaan sosial, model perniagaan perusahaan sosial, wakaf, pembangunan tanah wakaf

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LIST OF GLOSSARY

Terms	Meaning
asnaf	: <i>zakat</i> beneficiaries
darurah	: extreme necessity
fardhu ain	: religious obligation that is binding on every Muslim
fatwa	: legal pronouncement/verdict
hadith	: the sayings of the Prophet Muhammad (Peace be upon him)
hijrah	: migration
istibdal	: Substitution arrangement of <i>waqf</i> assets
ibdal	: Exchange arrangement of <i>waqf</i> assets
jemaah	: congregation
marad-al-maut	: a person in a state of deathbed
mawquf	: specific property to be converted into a <i>waqf</i>
mawquh alayh	: recipient or beneficiary of <i>waqf</i>
Mufti	: a Muslim legal expert who is empowered to give rulings on religious matters.
nazir	: manager
sadaqah	: voluntary charity
shari'ah	: Islamic law
sighah	: declaration
Sultan	: State Ruler
surau	: small mosque
tahfiz	: Al-Quran memorization
waqf	: Islamic endowment
waqf ahli	: family <i>waqf</i>
waqf khairi	: public <i>waqf</i>
waqf zurri	: family <i>waqf</i>
waqif	: founder of <i>waqf</i>
Yang DiPertua	: State Ruler
zakat	: Islamic taxation

LIST OF ABBREVIATION

Abbreviations	Meaning
JAWHAR	: Department of <i>Awqaf, Zakat and Hajj (Jabatan Wakaf, Zakat dan Haji)</i>
JKR	: Malaysian Public Works Department
MAIJ	: Johor Islamic Religious Council
MAIK	: Kelantan Islamic Religious and Malay Custom Council
MAINPP	: Pulau Pinang State Islamic Religious Council
MAIWP	: Islamic Religious Council of Federal Territory
MRR	: Council of Rulers
MUIS	: Singapore Islamic Religious Council
PBT	: Local authority
SAW	: Peace Be Upon Him
SOP	: standard operating procedure
SWT	: May He be glorified and exalted
YWM	: Yayasan Waqaf Malaysia

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CHAPTER 1: INTRODUCTION

1.1 Background of the Study

Waqf is defined as an Islamic endowment, where one party holds a property for the benefits of another and its benefits can be used for any charitable purposes (Mohammad, 2008; Chowdhury et al., 2012; Amuda, 2013; Mohsin et al., 2016). Throughout Islamic history, *waqf* has played many important roles in enhancing the socioeconomic status of Muslim societies (Mohammad, 2008; Abdul Ghafar & Bayu, 2014) particularly through social and community empowerment (Mohd Adib et al., 2015; Faizah et al., 2017), poverty alleviation (Farah et al., 2014; Khan, 2015) and economic development (Budiman, 2014). *Waqf* has also succeeded in transforming the societies by enabling the poor to move up the economic ladder and obtain high levels of economic and political power (Ahmed, 2007).

The significance of *waqf* in Muslim societies can also be seen through the size of *waqf* land being created (Ahmed, 2007). History has shown that there were a lot of *waqf* lands established in the Middle-East and in other Muslim countries. For example, in the early 18th century, the total amount of *waqf* land in the Ottoman State was nearly one third of its productive lands (Babacan, 2011). Nowadays, *waqf* assets could be worth up to RM 4.3 trillion globally (Ng et al., 2015). It can be observed that most *waqf* lands and properties represent assets that are high in value due to either their location or productive value (Shamsiah, 2010a). Singapore, for example, was reported to have *waqf* properties worth about RM 1.8 billion in 2013. Due to its location and commercial potential, the properties' value appreciated and reached RM 2.43 billion in 2018. On the other hand, the value of *waqf* land in Malaysia reached RM 1.17 billion in 2013 and is expected to appreciate to RM 4.00 billion in 2018. *Waqf* properties are important

because they can provide perpetual benefits to the societies via proper structuring and administration by the trustees. *Waqf* trustees bear a huge responsibility to develop idle or undeveloped *waqf* lands to make sure its fulfilled the donor intention and for the benefits of the Muslim society if the intention is not named by the donor.

In Malaysia, *waqf* affairs are put under the responsibility of the Islamic Religious Council in each state. The State Islamic Religious Council (henceforth referred to as the Council) is empowered to administer and manage *waqf* properties in accordance with the *shari'ah* principles. Malaysia is an Islamic country that consists of 13 states and three Federal Territories. There are 14 Councils (each for 13 states and one for Federal Territories) recognized as *waqf* trustees in Malaysia. The Council is a unique *waqf* institution as it is the sole trustee of all *waqf* properties in the respective state. The term “sole trustee” implies that the Council has been legally appointed by its respective legislation to supervise all *waqf* assets and be responsible for their management and development. This means, every new *waqf* creation will be automatically put under the Council's management whereby no other party can act as a trustee of the *waqf*. Malaysia has about 30,888.89 hectares of *waqf* lands that are being donated for the benefits of the Malaysian society. Since 2005, there have been rapid developments of *waqf* lands in Malaysia carried out by the Councils with the help from federal agencies such as the Department of Awqaf, Zakat and Hajj (JAWHAR) and Yayasan Waqaf Malaysia (YWM) to maximize the impact of *waqf* land development to the beneficiaries and societies. It also can be seen that practitioners and academics have started to show a keen interest in the study of *waqf* due to its social and economic benefits given to Muslim societies. *Waqf* literature in Malaysia has contributed about 60.9% of overall *waqf* literature from 1957 to 2017 (Salehuddin & Nor Asiah, 2017). This shows that studies on *waqf* are scholarly significant in Malaysia.

Contemporary literature on *waqf* begins with the identification of problems of *waqf* development such as inefficient *waqf* management (Hassan & Shahid, 2010; Dahlia & Haslindar, 2013), types and location of *waqf* properties (Norhaliza & Mustafa, 2009; Sanep & Nur Diyana, 2011), and financing difficulties (Shamsiah, 2010b; Che Zuina et al., 2014; Mohsin et al., 2016) that result in many *waqf* lands remain idle and undeveloped (Maznah et al., 2014). Most of the literature focuses on the stagnation of *waqf* property development and the attempts to solve it by suggesting improvements in *waqf* management and financing. Chowdhury et al. (2012) suggest creating a hybrid sustainable model to generate more *waqf* benefits to the society. Rashid (2012) highlights six problematic issues that hinder the development of *waqf* in India, and emphasizes that *waqf* trustees need a new strategy to accelerate *waqf* property development. Rashid (2012) also suggests conducting a proper survey of *waqf* properties to reveal the current status of *waqf* properties in the Muslim countries including Malaysia since there are so many unregistered *waqf* properties. In order to overcome financial difficulties in developing *waqf* properties, previous researchers have introduced various models to assist *waqf* trustees such as cash *waqf* models (Chowdhury et al., 2011; Mohsin, 2013; Mohd Thas Thaker et al, 2016), share *waqf* (Farhana et al, 2014), sukuk (Hydzulkifli & Asmak, 2015), and venture capital (Tunku Alina, 2012; Azliza Azrah et al., 2013).

In light of *waqf* literature, Umar et al. (2015) examined the traditional *waqf* financing methods for developing *waqf* properties and their implications on socio-economic development. Umar et al. (2015) found out that the new innovative financing such as cash *waqf*, *waqf* share scheme and corporate *waqf* is the most suitable financing method for the development of *waqf* properties as well as socioeconomics. Mohsin et al. (2016) further studied various cases in which idle *waqf* properties in various parts of the world

have been successfully transformed into productive *waqf* properties. This is claimed to have been done through classical and innovative modes of financing such as substitution (*istibdal*), lease right (*hikr*), diminishing partnership (*musharakah mutanaqisah*), build-operate-transfer (BOT), build-lease-transfer (BLT), and joint venture. For the past ten years, financing for *waqf* property development has become the main focus of *waqf* research.

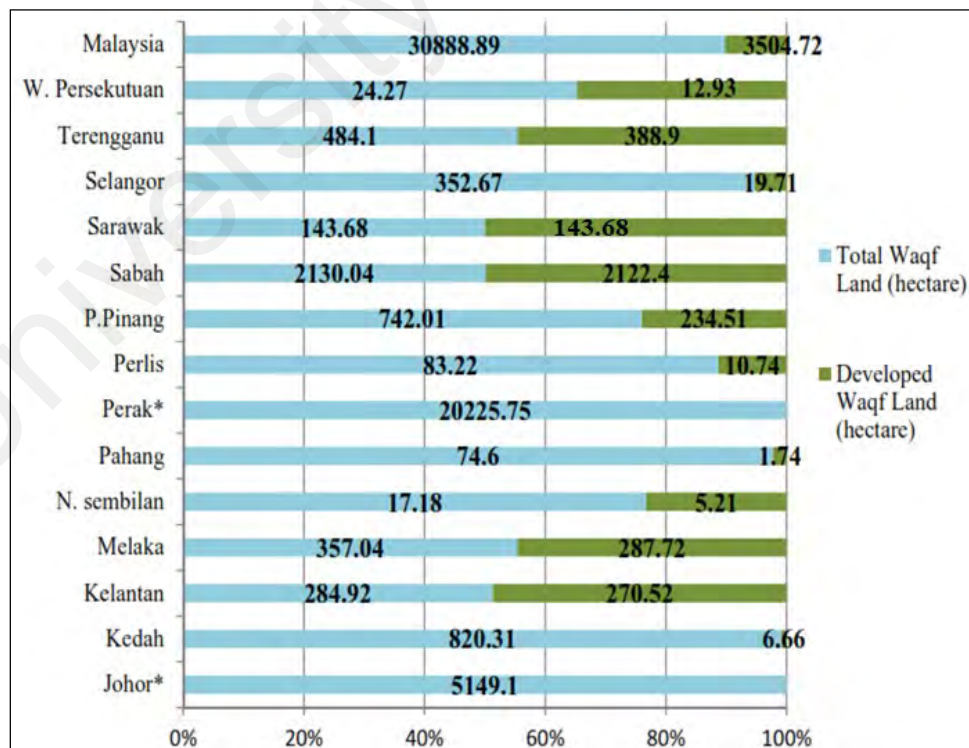
However, since *waqf* properties need to be perpetual, irrevocable and inalienable, the development of *waqf* properties needs to go beyond financing issues. Mohammad (2008) emphasizes the importance of *waqf* sustainability by which *waqf* needs to be self-reliant and self-sustaining. *Waqf* trustees need to ensure that *waqf* properties can be developed and sustained without relying so much on financing by donors and the government. Researchers then started to conceptualize *waqf* in the context of social entrepreneurship and social enterprise where economic value creation is viewed as important as social value creation (Salarzehi et al., 2010; Raimi et al., 2014; Iman & Mohammad, 2017). According to Wilson and Post (2013), social enterprise has attracted the attention of many different players in the economic system since there is some preliminary evidence that social business initiatives can actually pay off, socially and financially. However, studies on *waqf* institutions as social enterprises especially in Malaysia are still scarce despite the vast amount of research on *waqf*. Iman and Mohammad (2017) made the first attempt to detail out the practical aspect of *waqf* entrepreneurship in Malaysia including proposing a business model of *waqf* entrepreneurship. Iman and Mohammad (2017) however, did not conduct an in-depth study on *waqf* institutions as social enterprises. Besides, the social impact of *waqf* land development to the society also has not been measured. Alter (2007) asserts that target population is one of the theoretical aspects of a social enterprise business model. Since

the study focuses on the social enterprise's business perspective, the importance of the target population which is the communities who use and gain benefits from *waqf* land development should not be left out.

In addition to the study done by Iman and Mohammad (2017), *waqf* institutions are no longer seen as non-profit institutions as they have been transformed into social entrepreneurship that use innovative measures to deal with social issues (Salarzahi et al., 2010). Yunus (2011) regards a non-profit institution as a social enterprise if the economic orientation of the non-profit is moving from traditional non-profit to social business in order to achieve its social goals. A social business implies that any socially objective business needs to be self-sustaining and able to generate enough income to cover its own cost (Yunus, 2011). *Waqf* institutions in Malaysia are expected to follow the changes from nonprofits to social enterprises and gain economic values from their *waqf* land development projects. Since there is a dearth of studies on *waqf* institutions in Malaysia as social enterprises which having both the social and economic mission driven, a study on social enterprise business perspective for *waqf* land development shall fill the gaps in the literature. Thus, the current study aims to examine a social enterprise business perspective on *waqf* land development in Malaysia by examining the current *waqf* land development practices, the strengths and weaknesses of *waqf* trustees as social enterprises, the perceived factors of current *waqf* lands that contribute to the Council's success as social enterprises and the social impact of *waqf* land development to the communities who use and gain benefits from *waqf* land development.

1.2 Problem Statement

There have been numerous efforts undertaken by the trustees to develop *waqf* lands since 2005, but many *waqf* lands still remain undeveloped. Some studies have reported that 92.8 percent of *waqf* lands in Malaysia are still undeveloped (Maznah et al., 2014). This huge percentage of undeveloped *waqf* lands is a hindrance to the social and economic development of the Muslim society in Malaysia especially in 2017 when the total value of *waqf* land was estimated to reach RM 4 billion. According to Roshayani and Norzaihan (2017), *waqf* institutions in Malaysia are not yet able to solve the economic problems faced by the society. There are many *waqf* lands being left undeveloped even though they are located in strategic areas (Roshayani & Norzaihan, 2017). Figure 1.1 shows the current status of *waqf* lands in Malaysia. From the total of 30,888.89 hectares, only 3,504.72 hectares are developed (Yayasan Waqaf Malaysia, 2016). The statistics show that the Councils are still unable to develop most of the *waqf* lands.



* Perak and Johor do not have available statistics for developed *waqf* land.

Figure 1.1: Total *Waqf* Land and Undeveloped *Waqf* Land in Malaysia

Source: Yayasan Waqaf Malaysia, (2016)

The underlying reason for the undeveloped *waqf* lands is due to the inefficiency of *waqf* management by the trustees (Mohammad, 2009; Norhaliza & Mustafa, 2009; Chowdhury et al., 2012; Rashid, 2012; Nur Farahiah et al., 2014; Nur Zarina et al., 2014; Mohsin et al., 2016). The inefficiency can be explained by the lack of legislation, governance, professionalism, the issue of misperception (Securities Commission Malaysia, 2014) and the trustees' inability to provide funding for *waqf* land development (Shamsiah, 2010b; Che Zuina et al., 2014) as discussed in the previous section.

The inefficiency has led to more serious issues regarding sustainability and maintenance of *waqf* properties post development. Most of the *waqf* properties developed from general *waqf* land are meant to generate income for the benefits of the Councils and the beneficiaries. However, the income generated from previous *waqf* land development cannot sustain the maintenance of *waqf* properties (Shamsiah, 2010b). According to Mohsin et al. (2016), only 40% of the total *waqf* lands are general *waqf* lands which have income-generating potential. The remaining 60% of the *waqf* lands are specific *waqf* and unable to generate any income besides relying their maintenance costs heavily on the Councils. Specific *waqf* land is a *waqf* where the donor has declared the purpose of the land in the *waqf* deed such as for the construction of mosque, cemetery, or orphanage. Meanwhile, for general *waqf*, the purpose is not mentioned. Thus, the Councils may use the *waqf* land for any purpose as long as it benefits the public and is not against the Islamic law. The inability to maintain *waqf* is aggravated when the income from the rental or the lease of general *waqf* properties is not enough to cover its own maintenance cost. Rentals and leases are poorly managed where there are high numbers of arrears, expired agreements, and unreasonable rental or lease rate (National Audit Department, 2014). If the income is not sufficient to be used

for the maintenance of the *waqf* itself, how can this help other *waqf* land developments? Moreover, the study done by Sulaiman and Zakari (2015) shows that, most of the states in Malaysia except Selangor and Terengganu have financial sustainability less than satisfactory.

In developing *waqf* lands, the Councils are required to fulfill the objective of *waqf* creation. Social and economic benefits are provided to the society through the development of *waqf* lands. Shamsiah (2010b) has raises the issue of the increasing needs of *waqf* beneficiaries especially with regard to mosque construction, where there are insufficient funds from *waqf* revenues to cover operational costs. There is also a lack of empirical evidence from the communities who use and gain benefits from *waqf* land development regarding their needs and satisfaction towards *waqf* land development. According to Mohsin et al. (2016), *waqf* trustees' primary mission is to provide some forms of human service which will primarily affect the quality of human life. As such, an investigation into the needs of the communities is also significant for the thesis.

From the discussion above, the continuous financial and management inefficiencies in *waqf* institutions suggest the lack of social enterprise's business perspective for *waqf* land development. According to Iman and Mohammad (2017), a workable *waqf*-based business entrepreneurship model is lacking of development and practice especially in Malaysia. Hence, a further study on the Councils and its social enterprise's business perspective on *waqf* land development which can generate economic value from *waqf* is needed.

1.3 Aim and Objectives

Based on the problem statements, there is a need to study the social enterprise business perspective on *waqf* land development and its social impact in Malaysia. As in 2017, Malaysia's total population rose to 32 million and 64.3% of them are Muslims. It is important to develop and revive *waqf* lands in Malaysia since there is a high percentage of undeveloped *waqf* land (92.8%). The Councils as *waqf* institutions and trustees are not only expected to gain economic profit to sustain *waqf* properties, but also to create social and religious values. According to Shamsiah (2010a), *waqf* is an institution that embraces interdependent factors which need to be addressed. Besides adhering to the wishes of the donor (*waqif*) for the beneficiary, maximizing social impact to the community is also crucial. It is on this premise that this issue will be assessed.

Therefore, there are four research objectives of the study. The first objective is to examine the current *waqf* land development practices, policy practices, and *waqf* financing available in the Councils in order to understand the bigger picture of *waqf* land development in Malaysia and the Councils' role as social enterprises. In order to grasp a solid knowledge of the current status of *waqf* land development, the study also seeks to investigate the ways by which successful models for *waqf* land development in other countries can be applied in the Malaysian context. It is essential to investigate *waqf* land development models in other countries and the extent to which these models can be beneficial to Malaysia. This is supported by Iman and Muhammad (2017) who argue that the models proposed and implemented in other countries need to be examined to see how they can be embedded into the Malaysian context. The products, services, and financial flows relating to *waqf* land development also need to be examined in order to identify the transaction occurs among the Councils as social enterprises, target

population and *waqf* stakeholders when developing *waqf* lands. One should know that *waqf* does not operate in a vacuum. *Waqf* embraces interdependent factors between the public and private stakeholders such as the government, private developers, investors, and the society as a whole. This first objective helps the researcher understand the whole current process of developing idle or undeveloped *waqf* lands to a developed state in accordance with the intention stipulated by the donor. Such investigation also helps to identify how the models from other countries can be adopted by the Councils and whether the development of *waqf* lands is beneficial to the target population.

The second objective is to examine the organizational strengths and weaknesses of the Councils as social enterprises in developing *waqf* lands in Malaysia. Statistics have shown that there are many undeveloped *waqf* lands in Malaysia as presented in the problem statement. Hence, the second objective of the current study reveals the perceived strengths and weaknesses of the Councils when developing *waqf* lands in Malaysia.

The third objective is to investigate the perceived factors of the current *waqf* land development models that contribute to the Councils' success as social enterprises. The success of the Councils is not only gauged in terms of social purpose, but also financial sustainability. In addition, the third objective provides empirical evidence on perceived factors that contribute to the success of the Councils as social enterprises in developing *waqf* lands.

Lastly, the fourth objective is to analyze the social impacts of *waqf* land development to the target population. Both theoretical and empirical studies have shown that social enterprises need to achieve social mission and then, economic mission (Alter, 2007).

Hence, social impacts are important for social enterprises. The study on the benefits received, the needs and satisfaction of the communities who use and gain benefits from *waqf* land development need to be examined. Ultimately, it is hoped that the study will be able to determine whether the needs of the communities have been met or otherwise.

To recapitulate, the research objectives of this study are:

1. To examine the current *waqf* land development practices of the Councils as social enterprises in Malaysia.
2. To examine the organizational strengths and weaknesses of the Councils in developing *waqf* lands in Malaysia.
3. To investigate perceived factors of the current *waqf* land development that contribute to the Councils' success as social enterprises.
4. To analyze the social impacts of *waqf* land development to the communities.

1.4 Research Questions

In line with the above research objectives, the thesis attempts to answer the following research questions as presented in Table 1.1.

Table 1.1: Research Objectives and Research Questions

Research objectives	Research Questions
<u>Research Objective 1 (RO1)</u>	
To examine the current <i>waqf</i> land development practices of the Councils as social enterprises in Malaysia.	<p>RQ1a: What are the current development practices including policy practices and <i>waqf</i> financing that are being adopted by the Councils?</p> <p>RQ1b: In what ways can <i>waqf</i> land development models in other countries be applied in the Malaysian context?</p> <p>RQ1c: What are the types of products, services, and financial flows involved in <i>waqf</i> land development in Malaysia?</p>

Table 1.1: Continued

Research objectives	Research Questions
Research Objective 2 (RO2)	
To examine the organizational strengths and weaknesses of the Councils in developing <i>waqf</i> lands in Malaysia.	RQ2: What are the strengths and weaknesses of the Councils in developing <i>waqf</i> lands?
Research Objective 3 (RO3)	
To investigate perceived factors of the current <i>waqf</i> land development that contribute to the Councils' success as social enterprises.	RQ3: What are the perceived factors of the current <i>waqf</i> land development models that contribute to the Councils' success as social enterprises?
Research Objective 4 (RO4)	
To investigate the social impact of <i>waqf</i> land development to the communities.	RQ4a: What are the benefits received by the communities from <i>waqf</i> land development?
	RQ4b: What are the needs of the communities from <i>waqf</i> land development?
	RQ4c: To what extent <i>waqf</i> land development satisfies the communities?
	RQ4d: To what extent <i>waqf</i> land development meets the needs of the communities?

1.5 Scope of Study

This thesis carried out its objectives within a specific scope. The scope of the study was applied throughout the process of the research. This research principally involves an empirical investigation of the Councils on the social enterprise business perspective for *waqf* land development. The research is accomplished by examining the *waqf* land development practices, the strengths and weaknesses of the Councils, the perceived factors of current *waqf* lands that contribute to the Councils' success as social enterprises and the social impact of *waqf* land development to the communities.

The study strictly using a theoretical aspect of social enterprise which consists of three arguments: (i) the social enterprise; (ii) target population; and (iii) market. One of the objective of the study is to investigate the social impact of *waqf* land development, and as in target population, the study does not looking at the specific beneficiary (*mawquh alayh*) of *waqf* land development as stipulated by the donor, but rather looking at the communities that use and gain benefits from *waqf* land development since they are the biggest user of *waqf* benefits.

1.6 Research Methodology

Waqf management in Malaysia is put under the responsibility of the Councils. There are fourteen Councils in Malaysia, one for each state. The Councils are the sole trustees of *waqf* assets in their respective state. To accomplish the research objectives, the study performed content analysis by reviewing the literature on *waqf* in order to have an in-depth understanding of the social and economic roles of *waqf* as well as the management and development issues surrounding the trustees. The review also covered successful *waqf* development practices in selected countries. Further, the study reviewed the literature on business models specifically social enterprise business models and their social impacts on the target population.

Mixed method research design was adopted for the study. First, a semi-structured interview was conducted with each of the fourteen Councils as they are the trustees of *waqf* lands in their respective state. Target respondents are the Head and the officers who are responsible for *waqf* matters in the Council. When the Head of *waqf* unit was not available, the next senior officer was approached. The respondents come from *Waqf* Department or other departments that handle *waqf* land development. All the interviews

were analyzed using Atlas.ti version 7 software where content analysis was performed.

Themes were determined and divided into two categories:

- i. Themes related to the practices of the Councils in developing *waqf* lands that consists of *waqf* land development practices, policy practices, *waqf* financing, trustees' strengths and weaknesses, and perceived successful factors as social enterprises;
- ii. Themes related to the social impacts on the target population that consist of *waqf* benefits received, needs and satisfaction of the communities that use and gain benefits from *waqf* land development.

The researcher used the results of semi-structured interviews especially in light of the fourth research objective (RO4) to develop questionnaires for the communities that use and gain benefits from *waqf* land development. This has enabled the researcher to identify items that need to be addressed and ensure that adequate data are collected to answer the research questions. The questionnaires were given to two *waqf* scholars and one *Tahfiz* school (school for Quran memorization) teacher in a *waqf* premise for pretesting. After the pretest, a pilot study was conducted where the researcher administered the questionnaire survey in two mosques and two Community Bazaars in Kajang and Bangi areas. These actions are necessary to ensure the reliability and validity of the questions before embarking on the actual quantitative fieldwork. The questionnaires were tested to the relevant communities to measure their needs and satisfaction towards *waqf* land development. Here, the researcher sought to identify whether *waqf* land development meets the needs of the communities who use and gain benefits from it. In doing so, the questionnaires were divided into four parts:

- i. Background information of the respondents;
- ii. *Waqf* benefits received by the respondents;

- iii. The needs of the respondents; and
- iv. Satisfaction of the respondents.

Questionnaire data were analyzed using IBM SPSS Statistical version 20 following several steps. Firstly, descriptive statistics were conducted in order to gain background information about the respondents. Secondly, the descriptive statistics of *waqf* benefits received by the communities were conducted to identify two factors regarding *waqf* land benefits namely, the benefits received by the communities from *waqf* land development and the availability of *waqf* land development nearby the communities' home. Thirdly, the needs and satisfaction of the communities were analyzed individually using factor analysis, reliability test, mean value and paired sample t-test. This part of analysis sought to identify whether *waqf* land development meets the needs of the communities. In this regard, the researcher tested a hypothesis to answer the research question of whether the needs of the communities who use and gain benefits from *waqf* land development have been met. The hypothesis is:

There is no statistically significant difference between the needs of the communities and their satisfaction towards *waqf* land development.

1.7 Contribution of the Study

This study contributes to the literature in several ways. The first contribution of the study is the conceptualization of *waqf* land development in the context of social enterprise business perspective. Based on Alter's (2007) nine feasible business models of social enterprise, this study conceptualized a framework linking social enterprises (the Councils), target population (the communities who use and gain benefits from the *waqf* land development) and the market (*waqf* stakeholders).

The second contribution of the study is a holistic study examining both the trustees of the *waqf* and its target population. It can be found in the literature that there is a very negligible amount of studies that focuses on the impact of *waqf* land development to the target population of *waqf* land development. The needs and satisfaction of the communities that use and gain benefits from *waqf* land development have not been examined in the literature. In this regard, the researcher has aimed to fill the gaps in the literature by examining the benefits received by the communities, including their needs, satisfaction and whether the needs of the communities have been met through *waqf* land development. The researcher agreed with Mohsin et al.'s (2016) claim that *waqf* organizations' primary mission is to provide some forms of human services which will primarily impact the quality of human life. Hence, meeting the needs of the communities are important in philanthropy.

The third contribution of the study is in terms of methodology. The study adopted a mixed methods research in which both qualitative and quantitative approaches were used to collect data from *waqf* trustees and communities from *waqf* land development. Data collection for the qualitative study was very comprehensive because the researcher interviewed all 14 Councils in Malaysia. The researcher developed a questionnaire based on the interviews to examine the benefits received by the communities, their needs and satisfaction.

The fourth contribution is in terms of the triangulation of findings from qualitative and quantitative studies to recommend a social enterprise business model that can be adopted by the Councils in Malaysia to fulfill the communities' needs better. This contribution can be used by *waqf* stakeholders to develop future *waqf* lands and can also

be used as a benchmark for future studies on *waqf* social enterprise business perspective in other countries.

1.8 Structure of the Thesis

The thesis has seven chapters as shown in Figure 1.2. Chapter One outlines the background of the research, research problems, research objectives, and a brief explanation of research methodology. The chapter also highlights the study's contribution towards the literature.

Chapter Two presents a contextual review on *waqf*. It begins with a discussion of the history of *waqf*. The chapter also offers an understanding of *waqf* by outlining its definition, the conditions for undertaking *waqf* and its characteristics. The chapter highlights the *shari'ah* framework that governs the operation of *waqf*. In addition, the chapter highlights the challenges and obstacles in developing *waqf* lands. At the end of the chapter, selected successful cases of *waqf* land development in Malaysia, Singapore and Turkey will be highlighted. Chapter Three presents a review of the theoretical framework of social enterprise and the social enterprise business model for the study. The concept of social enterprise business model in *waqf* setting is presented in the chapter.

Chapter Four presents a description of research methodology covering the research objectives and processes involved in the study. The chapter will begin with a discussion of the research philosophy and epistemology. Two stages of data collection are discussed: the first stage is the semi-structured interview and the second is the questionnaire. In the semi-structured interview part, the process of obtaining participants and strategies of conducting the interviews are discussed. In addition,

details on questionnaire design and distribution procedures are also presented. The processes of analyzing data for both questionnaire and interview are also discussed in the chapter.

Chapters Five and Six discuss the findings from the fieldwork conducted and from an analysis of the primary and secondary data collected from the field studies. The analysis is spread over two chapters covering two stages of data collection. Chapter Five presents the findings of the semi-structured interview in relation to *waqf* land development practices, administration and management of *waqf* trustees as social enterprises in developing *waqf* lands. The strengths and weaknesses of *waqf* trustees, financing issues in *waqf*, and the benefits given to the communities are also discussed in detail. This chapter also highlights perceived factors that contribute to the Councils' success as social enterprises from the trustee perspective. Chapter Six focuses on the results of the analysis of the questionnaire. The analysis addresses the research questions that have been identified earlier.

Chapter Seven starts with the summary of each chapter of the thesis. This chapter crystallizes the various findings, and recommend a social enterprise business model for *waqf* land development which takes cognizance of various aspects of the work conducted earlier and concerns raised by the respondents of the study. This chapter also recommends a business model that can accommodate the needs of the communities without compromising the religious sanctity of *waqf* and the donor's intention.

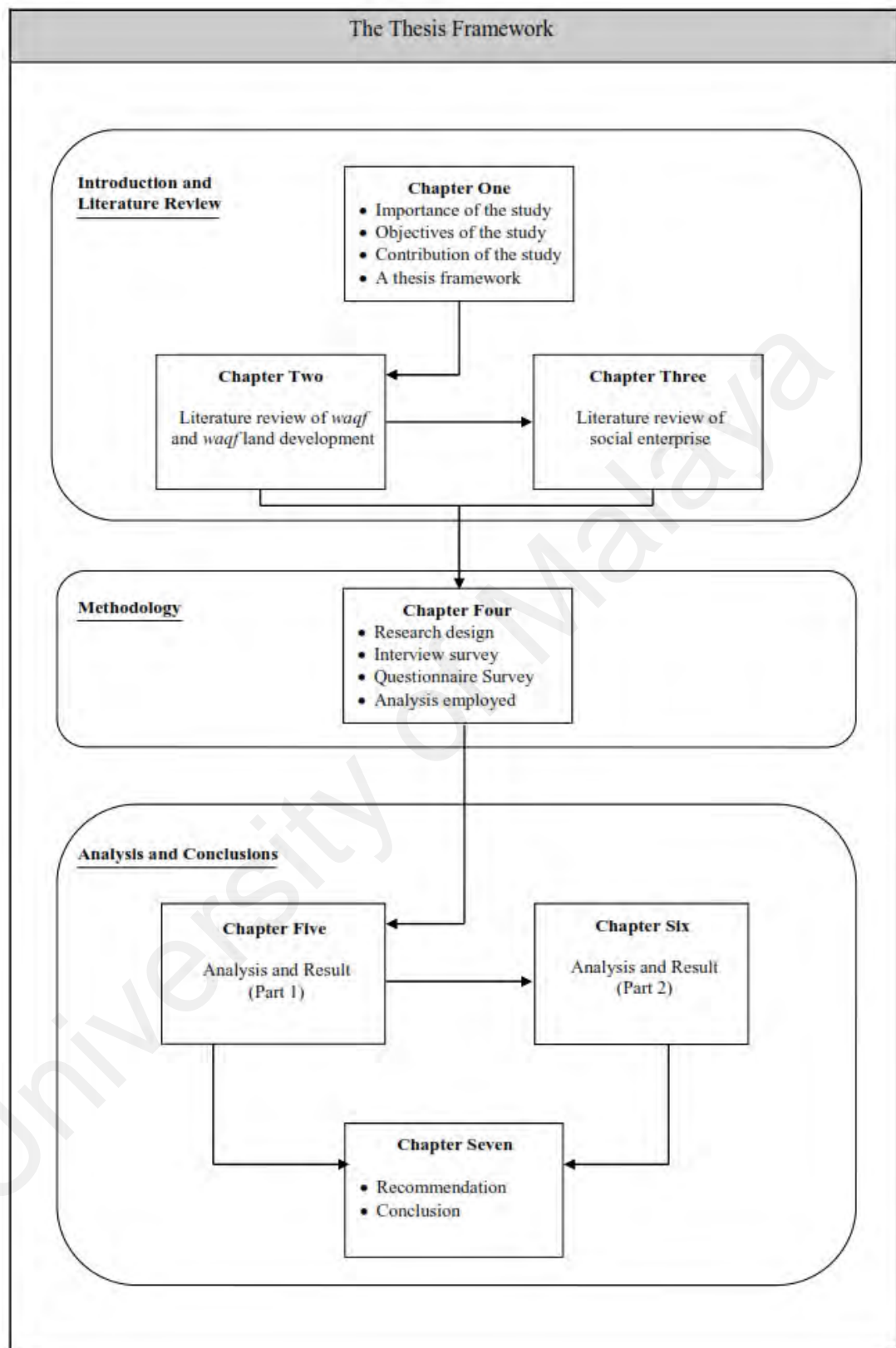


Figure 1.2: The Thesis Framework

CHAPTER 2: LITERATURE REVIEW OF *WAQF* AND *WAQF* LAND DEVELOPMENT

2.1 Introduction

This chapter provides a necessary background information about *waqf* specifically with regard to the history, definition, and legal framework including *fatwa* and *shari'ah*. The first part of the chapter offers the background on *waqf* and its history, the definition of *waqf* and the types of *waqf*. This section also presents the characteristics of *waqf* and the roles and functions of *waqf* participants. In addition, this chapter also includes a discussion of the legal framework that governs the operation of *waqf*.

The second part of the chapter outlines the challenges and obstacles faced by *waqf* trustees in performing their role as the sole trustees of *waqf* lands in Malaysia. It is essential to examine how *waqf* trustees develop *waqf* lands and the way they sustain the assets. Hence the last section of the chapter will cover selected case studies on successful *waqf* land developments. There will be six case studies from Malaysia and two case studies from Singapore and one case study from Turkey.

2.2 History of *Waqf*

Scholars have different views about the origin of *waqf*. Some scholars said that a charitable trust has been practiced long before the arrival of the Islamic Religion. This claim came from the evidence that there were many worship houses built for the community to perform prayers and to be used for various religious purposes.

However, this claim can be debated since among the first worship house was the kaabah which were built by Prophet Ibrahim (alayhissalam). It was built long before the time of Prophet Muhammad (SAW). People went to the kaabah to perform worship to their God and they took care of it. It is also known that mosque, in arabic *masjid*, means a place for prostration also existed before the Prophet Muhammad (SAW) and can be traced back to the event of Isra' and Mikraj as described in the Quran (surah al-Isra':1). Isra' and Mikraj started the journey from Masjid al-Haram in Mecca to masjid al-Aqsa in Jerusalem:

“Exalted is He who took His Servant by night from al-Masjid al-Haram to al-masjid al-Aqsa, whose surroundings We have blessed, to show him of Our signs.

Indeed, He is the Hearing One, the Seeing One” (surah al-Isra':1).

These two places of worship were build before the time of Prophet Muhammad (SAW). It can be argued that the possibility of the people who served these places (kaabah and mosque) are also practised charitable trust, based on the teaching of previous prophets such as Ibrahim, Isa and other prophets, who brought the same message and worshipped to Allah (SWT), about whom the Prophet Muhammad (SAW) taught.

Gaudiosi (1988) found that the English trust has a closer resemblance to *waqf* when it was first introduced in England. This is agreed by Khalfan and Ogura (2012) who also claim that *waqf* institutions have actually influenced the English trust system in the Middle East. Hennigan (2004) argue that the legality of *waqf* is based on the source of law where he tried to establish that Al-Quran does not mention the legality of *waqf*. However, in the Islamic law, jurists are of a consensus that the source of Islamic law is not only from Al-Quran but also from the hadith. Allam (2008) has find out that the practice of *waqf* in Egypt can be traced back to Pharaonic times, long before the birth of Islam.

In Islamic history, the Holy Prophet Muhammad (SAW) was the pioneer of the *waqf* practice when he built Quba' mosque on a piece of land that he dedicated as *waqf*, during his *hijrah* with the Companions to Madinah. This was said to be the first religious *waqf* in history. The practice of *waqf* was nurtured further when a Jewish man called Mukhairiq made his will to give his seven orchards in Madinah to Prophet Muhammad (SAW) when he died. The Prophet (SAW) took hold of the orchards after the donor died and made them a charitable *waqf*. The orchards served as a philanthropic *waqf* which aimed to support the poor segment of the community. This practice was followed later by the companions of the Prophet (SAW). One of them was Sayyidina Umar Al-Khattab (r.a), the second successor. He once asked the Prophet (SAW) what to do with a palm orchard that he owned in the northern Arabian peninsula city of Khaibar and the Prophet (SAW) said, "If you like, you may hold the property as *waqf* and give its fruits as charity." Sayyidina Umar took the advice and gave all the fruits to the needy and other parties as narrated in the book of Muslim:

"It was narrated that Ibn 'Umar said: "Umar was given a share of land in Khaibar, and he came to the Prophet to consult him about it. He said: "O Messenger of Allah, I have been given a share of land at Khaibar and I have never been given any wealth that is more precious to me than it. What do you command me to do with it?" He said: "If you wish, you can 'freeze' it and give it in charity." So 'Umar gave it in Charity and stipulated that it was not to be sold, given as a gift or inherited, and he gave it in charity to the poor, relatives and slaves, for the cause of Allah and for wayfarers and guests; there was no sin on the one appointed to look after it if he ate from it on a reasonable basis or fed a friend" (Sahih Muslim, Vol. 4)

Many other charitable *waqf* were made following the advice such as *waqf* drinking water in Madinah, *waqf* of horses or camels and other *waqf* for the sake of Allah (SWT). There were also situations where the donor (*waqif*) put a condition whereby a certain percentage of the fruits and revenues of their *waqf* are first given to their own children and descendants and the rest should be given to the poor. This kind of *waqf* is called posterity or family *waqf*.

In the Malaysian history, the need to develop the existing *waqf* properties only came about after the colonialism since during that time, zakat and baitulmal systems were disrupted (Rashid, 2012). The Muslims started looking for alternative ways to generate funds whereby existing *waqf* properties seem to meet their objectives. After the Malaysian independence, under the authority of the Ruler (*Sultan, Yang DiPertua*), the Council was appointed as a sole trustee for *waqf* administration, and this jurisdiction continues until today.

2.3 Definition of *Waqf*

The word *waqf* (pl. *Awqaf*) means to stop, to restrain, to prevent, to detain or to keep in custody. It was derived from the Arabic root verb *Waqafa*. This definition appeared in Cizakca (1998) and was later quoted in Chowdhury et al.(2012) and Amuda (2013). However, Babacan (2011) who looked at both the Arabic literature and Islamic law, described *waqf* as a special type of *sadaqah* in which there will be a profit gained from the asset donated, but the donor is not listed as the beneficiary.

According to Gil (1998), the root word '*habs*' is a synonym for *waqf*, both being used in the same sense as the Hebrew root q-d-sh. Hence, what it means is that in the act of *waqf*, the capital in this case being the land, should not be sold, but frozen for giving in the name of Allah. Meanwhile, the income derived from it (the usufruct) should be distributed as *sadaqah*. *Waqf* also has been known as an instrument to improve the social, spiritual, and economic aspects of the Muslim community. *Waqf* has long existed since the time of Prophet Muhammad (SAW), and functions as one of the economic backbones of Islam. The benefits of *waqf* can expand beyond religious, cultural, racial and sectarian boundaries (Mohammad et al., 2005).

According to the legal definition, *waqf* means “to protect something, by preventing it from becoming the property of a third person” (Iman & Mohammad, 2014, p. 14). *Waqf* also means any property from which its benefit can be used for any charitable purpose, whether as public *waqf* or specific *waqf* in accordance with the *shari’ah* principles. However, it does not include a trust which is defined under the Trustee Act 1949 [Act 208] (Administration of the Religion of Islam (State of Selangor) Enactment 2003). *Waqf* properties can either be movable or immovable. Movable properties are such as the Quran, books, prayer cloths, whilst immovable properties are like building and land given by the donor for the use of others (beneficiaries). The beneficiaries designated by the donor are entitled to the usufruct of the properties. The donor transfers the ownership of his properties to Allah (SWT) and receives continuous rewards for his charity even after his death. A *hadith* from Abu Huraira reported that the Prophet Muhammad (SAW) said:

“When a man dies, all his acts come to an end, but three, recurring charity (*Sadaqah jariyah*) or knowledge (by which people benefit), or a pious offspring who prays for him” (Muslim, Book 13, *hadith* 8).

This *hadith* actually provides the underlying foundation for the *waqf*’s body of knowledge since *waqf* is not directly mentioned in the Quran. Based on this *hadith*, recurring charity means when one gives his belongings, assets or lands for the use of others without asking something in return, this will lead to recurring *sadaqah* that gives benefits to the beneficiaries. The only reward he will get is from Allah (SWT). Hence, the Muslims believe this kind of reward will help them in the afterlife. As a result, more Muslims acted in accordance to this *hadith* and gave their properties for *waqf*. The enthusiasm and faith among Muslims motivated by this *hadith* are strong. This is evinced by the fact that three quarters of the land of Arabia originated from *waqf* dedication. It is even stated in Section 7 of the Selangor *Waqf* Enactment 1999 that a person in a state of deathbed (*marad-al-maut*) shall not endow as a *waqf* more than one

third of his properties to any person other than his beneficiaries. This shows how committed a Muslim can be with regard to *waqf* even at the very last moment of his life. *Waqf* can be a powerful instrument to combat poverty and flourish life among the Muslims. Thus, *waqf* should not be taken lightly and there should be a system to develop *waqf* properties from which the profit can give benefits to the intended beneficiaries and communities.

2.4 The Constituents of *Waqf*

According to Khan (2007), no formality is required to be gone through for the purpose of creating a valid *waqf*. There are two opinions regarding the elements that constitute a valid and effective *waqf* donation. The Hanafis say that declaration alone is enough to be constituted of *waqf*. However, the rest of the jurists divide *waqf* into four constituents:

- i. The donor is the owner of the asset that is intended to be donated as *waqf*. The donor should be major, mature, not under court restrain, free and not coerced to donate.
- ii. The asset (*mawquf*) is the asset intended for *waqf* whether movable or immovable:
 - a. Movable asset: the asset that can be moved such as cash, clothes, books, and cars.
 - b. Immovable asset: the asset that cannot be moved such as land, house, and building.
- iii. The beneficiary (*mawquh alayh*) is the one who gains benefits from the revenue or usufruct of the donated asset. However, the study sought to investigate the social impact of *waqf* land development to the communities who use and gain benefits from the *waqf* land development. These communities are the person

who directly use *waqf* land development facilities and are not necessary the *mawquh alayh* of the *waqf* as stipulated by the donor.

iv. The declaration (*sighah*) is a statement implying the intention of the donor either through:

- a. Expressed *sighah* if the donor uses specific words such as “I *waqf* this land...” or “I give this land as a *hab* to Allah swt S.W.T” of which clearly indicate the donation by way of *waqf*.
- b. Implied *sighah* if the donor does not use the specific words of *waqf* but instead, symbolic pronouncement such as “*sadaqah*”, “donation for the poor forever” and “for the sake of Allah S.W.T”. These statements require further interpretation whether they are indeed intended for *waqf* purposes.

2.5 Types of *Waqf*

Traditionally, *waqf* is categorized based on the objectives of the *waqf*. In other words, it is based on the donor’s intention for the *waqf* properties to be used. If the property is intended only for the benefits of his family members including children, grandchildren and descendents, it is called *Waqf Ahli* (Family *Waqf*). This type of *waqf* is not advisable due to two reasons. First, the number of beneficiaries may increase to the point where the benefits accruing to an individual is insignificant. In the long run, *Waqf Ahli* may be proven to be non-beneficial when the number of the descendents is greater than the small size of the property (Iman & Mohammad, 2014). Probably, it cannot even sustain the maintenance for the *awqaf*. Second, if the line of beneficiaries became extinct or broken, the benefits will go to the society or other charitable purposes. In Malaysia, a donor can only create a *Waqf Ahli* with the permission from the Sultan of the respective state.

The second type of *waqf* is Public *Waqf* (*Waqf Khairi*). *Waqf Khairi* is designated only for charity. It is divided into two categories:

1. General or also known as Philanthropic *Waqf*: It is an open ended *waqf* where the trustee of the *waqf* may use the *waqf* properties for whatever purpose as long as it benefits the public and is not against the *shari'ah* principles. The examples of general *waqf* are library, healthcare center, educational centers, and others.
2. Special or specific: In this type of *waqf*, the founder or the donor (*waqif*) declares beforehand the purpose of the *waqf*, for example *waqf* land for the construction of mosque, religious school, cemetery, house, and so on.

Table 2.1 presents the number of lots and the size of general and specific *waqf* in Malaysia in 2013. These two types of *waqf* made up the total *waqf* lands in Malaysia.

Table 2.1: General and Specific *Waqf* Lands in Malaysia

No	State	No. of Lot		Area (Hectare)		Total	
		General	Specific	General	Specific	No. of Lot	Area (Hectare)
1.	Johor	3,798		5,149.10		3,798	5,149.10
2.	Kedah	130	938	96.04	724.27	1,068	820.31
3.	Kelantan	89	421	19.72	265.20	510	284.92
4.	Melaka	145	609	77.68	279.36	754	357.04
5.	N. Sembilan	12	17	6.68	10.50	29	17.18
6.	Pahang	144	0	74.60	0	144	74.60
7.	Perak	318	4,915	20,225.75		5,233	20,225.75
8.	Perlis	93		83.22		93	83.22
9.	P.Pinang	1,15		742.01		1,152	742.01
10.	Sabah	4	110	0	2,130.04	114	2,130.04
11.	Sarawak	78		143.68		78	143.68
12.	Selangor	537	173	295.15	57.52	710	352.67
13.	Terengganu	170	443	27.78	456.32	613	484.10
14.	Federal Territory	17	43	1.57	22.70	60	24.27
Total						14,356	30,888.89

Source: Yayasan Waqaf Malaysia, (2016)

However, according to *Waqf* (State of Selangor) Enactment 2015, there are several types of *waqf* that can be created besides the above categories such as:

- *Waqf irsyod* - means a *waqf* of land by any corporation, institution, organization or other bodies according to *shari'ah*.
- *Waqf muabbad* – means *waqf* in perpetuity.
- *Waqf musyak* – means the *waqf* of a right to any property which is jointly owned and undivided.
- *Waqf mushtarak* – means consolidation of several *waqf* including *waqf* created by way of *istibdal* and *waqf* shares.

2.6 Characteristic of *Waqf*

The difference between *waqf* and other charities or common law trust lies in its characteristic. *Waqf* should possess three characteristics. First, *waqf* should be irrevocable. This characteristic of irrevocability implies that the donor cannot revoke his or her donation at any time. The ownership of the property will no longer belong to the donor but is given to the true owner that is Allah (SWT) and is bound forever. In Malaysia, the irrevocability of *waqf* is upheld by both statutes and case law. When the ownership of the *waqf* land has been transferred and registered to State Islamic Religious Council, the statutory provision will provide that the *waqf* land is irrevocable. The donor or the family of the donor can no longer take back the land. In the respective *Waqf* Enactments of the states, an irrevocability of the *waqf* emphasizes that the *waqf* property cannot be revoked by anyone. For instance, *Waqf* (Terengganu) Enactment 2016, and *Waqf* (State of Selangor) Enactment 2015 state:

“A *waqf* which has come into effect according to *shari'ah* law cannot be revoked by the *waqif*”.

Second, the *waqf* property needs to be perpetual. According to Iman and Mohammad (2014), perpetuity in Arabic means *ta'bid* and it has three meanings. First, once the declaration is made by the donor, the *waqf* is considered valid and automatically effected. Second, the *waqf* cannot be temporary in nature, and lastly, the *waqf* benefits should last forever to ensure regularity and prolong support to the beneficiaries (Siti Alawiyah, 2012). Laldin et al. (2006) emphasize that a *waqf* does not only benefit the donor but also the beneficiaries. Once a property is dedicated to *waqf*, such property is bound by the Islamic rules to serve charitable purposes in perpetuity (Khalfan & Ogura, 2012).

Third, once a *waqf* is created, the property cannot be transferable to another party. It cannot be alienated or inherited by anyone. The new owner is Allah (SWT) and the trustee only manages it for the benefits of the beneficiaries. *Waqf* property could not be subjected to “any sale, disposition, mortgage, gift, inheritance, attachment, or any alienation whatsoever” and this implies inalienable characteristics (Gadioussi, 1988). These three characteristics define *waqf* as Bakhtiar (1996) wrote:

“In the context of the *shari'ah*...it implies a form of gift where the corpus is detained and the usufruct is set free. The meaning of ‘detention’ of the corpus is its prevention from being inherited, sold, gifted, mortgaged, rented, let, etc. As to the dedication of the usufruct, it means its devotion to the purpose mentioned by the donor (*waqif*) without any pecuniary return” (p.46).

The three characteristics also help a *waqf* in terms of its survival and distinguish *waqf* from common-law charitable trust. In the charitable trust, the donor or the settler has the flexibility to revoke the trust. It is also required that the trust property bestows benefits to its beneficiaries within a specified period. If the trust ends, the property may return to the donor or settler. In *waqf*, the *waqf* characteristics will prevent this from happening. According to Mohsin (2013, p. 306), the *waqf* characteristics will “secure a

sustainable and continuous goods and services needed not only for the present generation but for future generations too without depending on the government to provide them”. The *Waqf* characteristics will keep the objective of *waqf* which is to provide benefits to the beneficiaries and the public continuously.

2.7 Participants in *Waqf* Creation

In any *waqf* creation, two parties are normally involved, the giver and the receiver, the seller and the buyer, the donor and the beneficiary (Ahmad Zamri, 2012). In the case of *waqf*, the donor and the beneficiaries are the main parties involved. In addition, there is a manager (*nazir*) or a trustee, who manages the *waqf* properties in accordance with the *waqf* deed. Figure 2.1 shows the relationship of the participants in *waqf* creation. The following subsections explain the roles and functions of the three parties.

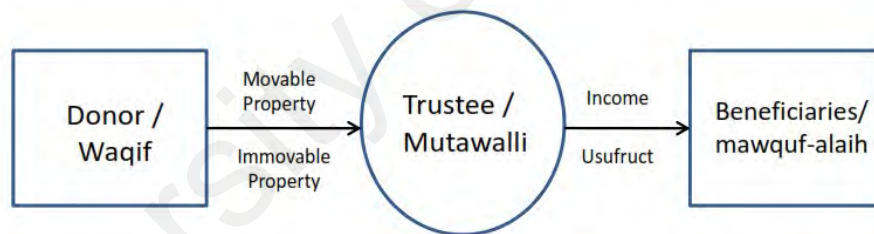


Figure 2.1: Participants in *Waqf* Creation

2.7.1 The Donor

The donor of the *waqf* should be independent, mature and capable of making a donation. A donor in the state of deathbed (*marad-al-maut*) is only allowed to give not more than one third of his property as *waqf*. The donor is the owner of the property who intends to make *waqf*. The donor should also create *waqf* on his own freewill. This means, the donor is not coerced or harassed or manipulated (Laldin et al., 2006).

It can be more than one donor to create a *waqf* property. For example, a piece of land can have more than one name as the owners. Then, the jointly owned land is donated as *waqf* or specifically as *waqf musyak* (see 2.5). This is also possible in cash *waqf*, where there can be a multitude of donors from all over the world, and in the end, a property is bought and registered as *waqf*. However, cash *waqf* can remain as cash and a collection of cash *waqf* from various donors can be invested for the benefit of beneficiaries through the return on investment.

The donor may donate movable property or immovable property as *waqf* for either religious or philanthropic purposes. The donor is recognized by law to appoint the trustee, decides on the trustee's fees, imposes conditions, and changes the conditions regarding the *waqf*. However, in Malaysia, the Council is automatically appointed as the trustee once a *waqf* has been created. Nevertheless, the Council can appoint a *nazir* to fulfill the donor's wish. The donor also has various powers to ensure the effectiveness of his *waqf*. According to Iman and Mohammad (2014), the donor has the power to decide on the management and conditions of his *waqf* property. Islamic jurists recognize this as five twin conditions related to the shares of the beneficiaries and the *waqf* property as discussed by Mohsin et al. (2016) as follows:

- i. Increase (*Ziyadah*) and Decrease (*Nuqsan*);

The donor has the right to increase or decrease the share of a beneficiary from the usufruct of the endowment. Normally, the donor would be allowed to make such changes only once, unless he has stipulated in the endowment deed that he wishes to enjoy the right to expand or reduce for as long as he lives.

- ii. Addition (*Idkal*) and Removal (*Ikhraj*);

The donor has the power to make a person as the beneficiary, even if he would not be considered one under normal circumstances (*idkal*). Conversely, the donor also has the power to deprive a beneficiary of his normal privilege. The Hanafis consider this condition as the absolute prerogative of the donor, while the Shafi'is and the Hanbalis opine that this is not absolute but a limited one.

iii. Granting (*I'ta'*) and Dispossession (*Hirman*);

The donor may assign priority to the regular and uninterrupted payment of one beneficiary (*i'ta'*) and conversely, postpone the payment to others (*Hirman*). This flexibility, which is granted not only to the donor but also to the trustee, allows to manage the *waqf* budget, following a list of priorities determined by its donor. The condition assumes particular importance for the *waqf* that have a multitude of beneficiaries.

iv. Replacement (*Taghyir*) and Conversion (*Tabdil*);

The donor enjoys the right to change the conditions stipulated in the *waqf* deed (*Taghyir*). He also retains the power to change the original purpose of the *waqf*, like converting a specific *waqf* to general *waqf* or vice versa.

v. Substitution (*Istibdal*) and Exchange (*Ibdal*).

The donor may permit himself to sell the corpus of the *waqf* for cash (*ibdal*), or exchange it for another property (*istibdal*). For instance, in Malaysia, a *waqf* land which is not economical can be substituted or sold and the proceeds from the sales can be used to purchase another piece of land. According to *Waqf* (State of Selangor) Enactment 2015, the Council may *istibdal* any *waqf* land if the land has been acquired by any public authority in accordance with the provisions of any written law, the

land does not yield any usufruct or benefit as intended by the donor, or if the use of the land does not comply with the purpose of the *waqf*.

2.7.2 The Trustee of *Waqf*

As discussed in section 2.7.1, the donor may appoint a *waqf* trustee to manage his *waqf* property. It should also be clear from a shariah point of view, as discussed by many jurist, that the donor can also appoint himself as a trustee so that there is no third party involved. In any event that the donor has not named the trustee in the *waqf* document, the *qadi*, a Muslim judge who renders decisions according to the *Shari'ah* principles, will have the power to manage the *waqf* property. In the *waqf* document or *waqf* deed, it will be mentioned whether the trustee will be compensated for his work. If it is not mentioned, the trustee can be considered as a volunteer or may seek for an assignment of compensation from the court (Kahf, 2011). Additionally, the trustee can be remunerated a certain share of the income. Hence, the higher the income generated by a property, the greater the trustee's share (Khalfan, 2012).

In Malaysia, even though the Council is the sole trustee of *waqf* in the respective state, in *Waqf* (State of Selangor) Enactment 2015, *Waqf* (Perak) Enactment 2015, *Waqf* (Terengganu) Enactment 2016, and *Waqf* (Negeri Sembilan) Enactment 2005, the Council can:

- i. establish a foundation (Selangor, Terengganu, Perak, and Negeri Sembilan) or company under the Company Act 1965 (Terengganu, Perak, and Negeri Sembilan) to run any Council's activity and carry its duties and powers under the enactment;
- ii. appoint or give permission to any party to manage, administer and hold any *waqf* property on behalf of the Council.

The disadvantage of the Council as the sole trustee is that sometimes it will create a barrier when a potential donor does not wish the *waqf* property to be put under them. The donor might fear that the Council lacks the qualified personnel and does not completely trust the Council to manage the property. Possibly, the donor has his or her own desire to have full control over the management of the *waqf* property (Sharifah Zubaidah & Nor Asiah, 2014). Hence, the property may be placed as a trust property under the provisions of the Trustee Act 1949, which allows the property to be put under certain foundation instead of the Council.

The first role of the trustee after a *waqf* is created is to keep all documents related to the *waqf* for safe keeping. This is very important especially for *waqf* land because after the death of the donor, the descendents of the donor may ask to take back the land sometime in the future. The land, once proven to be *waqf* land cannot be revoked by anyone. Secondly, the trustee needs to preserve the land from any loss and damage, as intended by the donor. This includes developing the land and acquiring funds for it. For example, if the land is idle, the trustee has the responsibility to acquire funding to develop the land. The trustee may delegate this work to another party who is willing to take up this work as a joint business (Rashid, 2012). All money, proceeds and returns will be managed by the trustee and will be distributed among the beneficiaries and also for the use of maintenance and development of the *waqf* properties.

2.7.3 The Beneficiaries

The last participant in *waqf* creation is the beneficiary of the *waqf* properties. People who use or benefit from *waqf* land are the beneficiaries of the *waqf*. According to Mohd. Zain (1982) the right of the beneficiaries lies on his personal claim against the

property. The beneficiary only has the right to receive a share of income or use the property as stipulated by the donor. Iman and Mohammad (2014) mention that some Islamic jurists have put several conditions for the recognition of beneficiaries which can be classified as *waqf* objectives such as:

- i. the donation purpose should not be for the facilitation of a sin;
- ii. the beneficiaries are able to exist throughout the time;
- iii. the donor should not be the beneficiary of his donation; and
- iv. the beneficiaries should be capable of owning property.

Mohsin et al. (2016) define *waqf* beneficiaries as the people who are poor and needy as well as public utilities such as mosques, schools, cemeteries, roads, bridges and water well. However, many books of fiqh, have said that *waqf* is not only for the poor, mosques and scholars, but also for the rich (Al-syabini, Mughni a-Muhtaj', juz.2, Beirut: Dar al-Ma'rifah and Abu Zahrah, Muhadharat fi al-Waqf, Dar al-Fikr al-Arabiyy, Wahbah al-Zuhayli, al-Fiqh al-Islami wa Adillatuh, vol 8. Dar al-Fikr). In this study, the researcher sought to investigate the social impact of *waqf* land development to the communities who use and gain benefits from the *waqf* land development. These communities are the person who directly use *waqf* land development facilities and are not necessary the *mawquh alayh* of the *waqf* as stipulated by the donor.

Shamsiah (2010b) however, is looking at the disbursement of *waqf* revenue and she mentioned that when making disbursement to *waqf* beneficiaries, the following principles should be upheld:

- i. Allocation and beneficiaries should strictly follow the *waqf* deed;
- ii. If the beneficiaries no longer exist, a *fatwa* is obtained to vary the intention but to still follow closely the original intention of the *waqf*. For example if the

allocation is to provide for the poor in the particular mosque, if the mosque no longer exists, then the benefits should be provided to the poor in the nearby mosque;

- iii. Where the allocation is to be given generally to mosques or charity, then the first principle to look at is the needs of the society. The *waqf* being part of the whole economic and social system in the community will be looked wholesomely in terms of the needs existing in the society. If the need is to provide for an Islamic education, then deliberate allocation will be made to align with the overall community's strategic mapping to tackle the issue.
- iv. Seniority should have the first priority. This is related to *Waqf Khas*, in which, after applying principle i, ii and iii above, *ceteris paribus*, if there are two poor relatives, the senior relative will have the benefit first.

Mohsin et al. (2016, p.17) claim that there is mismanagement within the *waqf* institutions, where most of the appointed trustees have no interest in *waqf* properties, other than getting monthly salaries or keeping *waqf* revenue for themselves. This is added to what has been claimed by Rashid (2014) that a majority of trustees are not interested to develop *waqf* properties because the development will demand their time and energy. This shows that the trustees are not proactive in developing *waqf* properties. This would result in the existence of idle properties due to lack of *waqf* revenue to develop them. In this regard, the researcher attempted to examine the benefits received by the communities who use and gain benefits from *waqf* land development including their needs and satisfaction.

2.8 *Fatwa* in Malaysia

In Malaysia, administration and management of *waqf* must be based on Islamic laws (*shari'ah*), the laws governing *waqf* lands, and *fatwa*. The National Land Code 1965, Administration of Muslim Law Enactments, and *Waqf* Enactments are the national and state laws that need to be adhered to when developing *waqf* lands. In 2016, Terengganu became the latest state that has gazetted their *Waqf* Enactment after Perak (2015), Melaka (2005), Negeri Sembilan (2005), Selangor (1999), and Johor (1983). These laws shape the way the Councils perform their duties as the sole trustees for *waqf* land development. However, in some cases, the Councils face some matters that are not ruled by any laws, and these matters will be brought to the *fatwa* committee. Some states' enactments have a specific provision for the appointment of a *Mufti* (a Muslim legal expert who is empowered to give rulings on religious matters) to administer *fatwa* matters in the respective state. *Fatwa* literally means to answer or explain a problem pertaining to a specific issue where the jurisprudence (*fiqh*) is unclear.

2.8.1 The Legal-Institutional Framework of *Fatwa*

According to Mahmood Zuhdi (2004), the *Fatwa* Committee of respective state will be referred to if there is any unclear decision involving Islamic law. This includes any unclear *fiqh* saying on the administration and management of *waqf* matters by the Councils. For example in Section X, no 41, of *Waqf* (Terengganu) Enactment 2016:

“with reference to *fatwa* committee:

1. Where there is any question regarding *shari'ah* law in connection with the pillars of *waqf*, or matter incidental thereto which needs to be determined, the Council shall refer to the *Fatwa* Committee as to the question.
2. All decisions made by the *Fatwa* Committee shall be final”.

Islamic Administration Laws in the respective state have delegated authority to the state government to establish a *Fatwa* Committee to help the *Mufti* department issue a *fatwa* (Suwaid, 2004; Mohamed Azam, 2015). The *Fatwa* Committee in the state has various names, among others:

- i. Islamic Ruling Committee
- ii. *Fatwa* Council
- iii. *Shari'ah* Committee
- iv. *Fatwa* Committee
- v. *Fatwa* Board/Body
- vi. Council of *Ulama*
- vii. Islamic Legal Consultative Committee

All members of the *Fatwa* Committee including *Mufti* and Deputy *Mufti* are appointed by the respective Sultan and Yang Dipertuan Agong (YDA). The Sultan and YDA hold the highest position in subjects pertaining to Islamic affairs. The total number of the *Fatwa* Committee members differs among the state. For example, section 37 of the Administration of Islamic Law (Federal Territories) Act 1993 provides that there should be a minimum number of seven people in the Islamic Legal Consultative Committee including the *Mufti* and the Deputy *Mufti*, whereas in Selangor, the Administration of the Religion of Islam (State of Selangor) Enactment 2003 requires at least nine people in the *Fatwa* Committee.

The Council and *Mufti* have a role to facilitate and advise the Sultan and YDA on matters relating to Islamic rulings. *Mufti* shall be the chief authority in the state after the Sultan, unless otherwise provided in the respective enactment. The state's *Fatwa* committee can act on its own or upon request from the public, which should be

addressed to the *Mufti* to seek a *fatwa* over a disputed matter (Mohamed Azam, 2015).

The structure of the State *Fatwa* Committee is shown in Figure 2.2.

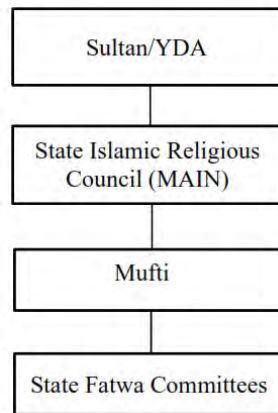


Figure 2.2: The State Fatwa Committee Structure
Source: Mohamed Azam, (2015)

There is also a *fatwa* committee at the federal state level. The National *Fatwa* Council which is established by the Council of Rulers (MRR) carries out its roles in two ways; i. National *Fatwa* Council Meeting under the order of MRR; ii. National *Fatwa* Committee Discourse (*Muzakarah*) in which the meeting will be held from time to time without order from the MRR. A *fatwa* is decided if all or two-thirds of the members agreed with the decision. The National *Fatwa* Council only discusses and decides on a *fatwa* involving national interest. That *fatwa* is not binding from the legal perspective (Mohamed Azam, 2015). The states need to adopt the *fatwa* before it can be gazetted and enforced in the states (Basri et al. 2015). The gazetted *fatwa* only binds the Muslims and has no legal effect on non-Muslims.

2.8.2 Selected *Fatwa* on *Waqf*

In Malaysia, the issues concerning *waqf* lands are rarely discussed compared to other Islamic matters handled by the States' *Fatwa* Committee and the National *Fatwa*

Council (Noor Naemah et al., 2004). In 2012, JAWHAR published a compilation of laws and *fatwa* that cover various issues of *waqf* land ruling by the state and national *fatwa* committees. Most of the *fatwa* involving *waqf* lands revolve around the issues of *waqf* land development, *waqf* share, *waqf* possession, investment in *waqf* property, selling and acquisition of *waqf* lands, *istibdal*, and *ibdal*.

In 1970, the Selangor *Fatwa* Committee started to rule on the issues of *waqf* land development. On 1st January 1970, the committee discussed the proposal to lease the Selangor Islamic Religious Council's (MAIS) *waqf* lands. A *fatwa* decided that MAIS cannot sell any asset resulting from the *waqf* land development, but can only sell for its benefits. The committee also provided an example that a housing developer who built houses on MAIS's *waqf* land through land lease, cannot sell but rent the houses to other parties.

According to Nur Khalidah et al. (2014) and Mohd Afandi (2015), the issues of *waqf* lands being taken by the government (in the case of *ibdal* and *istibdal*) were brought to attention when discussed in the 46th meeting of *Muzakarah Fatwa* Council in which they decided that: "i. *Waqf* lands are proscribed from change of ownership except for emergencies placed under certain conditions; ii. *Waqf* lands that have been transferred to the government, shall be compensated according to the value of the land or replaced by other lands that have equal or better value; iii. *Waqf* lands used for development are exempted from commend conditions; especially lands meant for construction of public amenities such as roads, drainage and electricity substation site and others; iv. For specific *waqf* lands that have specific purposes such as mosques, schools and others, an allocated value on certain land divisions must be provided by the responsible party as a *waqf* land replacement that has been taken according to the current value to retain the

waqf status. For example, in a multi-tiered building, several units are to be allocated for mosque, school and others as intended by the giver of the *waqf* land.”

The National and the State *Fatwa* Committee have shown that they are also moving towards contemporary *fatwa*. Both committees have taken into account the current needs of *waqf* land development such as the issues of *waqf* shares and cash *waqf*. In 1996, the 41st *Muzakarah Fatwa* Council ruled that *istibdal* and *waqf* shares are good and should be practiced because of the rapid development of *waqf* at that time. Meanwhile, *waqf* lands and the sites of old mosques were abandoned and somehow gave difficulties to the local authorities. In 2007, the 77th *Muzakarah Fatwa* Council also ruled that cash *waqf* is allowed in Islam. In the same year, Terengganu has shown that they adopted the *fatwa* on cash *waqf* and ruled another state *fatwa* on the practice of cash *waqf* where they ruled that the minimum of RM 10.00 will not be imposed. The public can donate as much as they can, but any amount less than RM 10.00 will not be issued a certificate.

Clearly, it has shown that the role of *Fatwa* committee is important in resolving any *fiqh* issue of *waqf* that has not been ruled previously. A *Fatwa* issued either by the state or by the national committee is necessary and needs to be gazetted to preserve the good cause of *waqf*.

2.9 Challenges and Obstacles in *Waqf* Land Development in Malaysia

Even though *waqf* is a powerful philanthropy with immense potential for economic and social reforms for the Muslim community throughout the world, most of the *waqf* lands including in Malaysia are still underdeveloped (Nor Asiah et al., 2012; Chowdhury et al., 2012; Noor Aimi et al., 2014). Maznah et al. (2014) report a

statement from the Minister in the Prime Minister's Office, Datuk Jamil Khir Baharom (2012) that stated only 7.2% of *waqf* lands in Malaysia are developed. The issue of the huge percentage of undeveloped *waqf* lands can be explained by enquiring into the literature that addresses the problems and challenges faced by the Councils in performing their role as the sole trustee of *waqf* lands in Malaysia. Further discussion is presented in the next subsections.

2.9.1 Inefficiencies in *Waqf* Management

Hassan and Shahid (2010) emphasize that the majority of *waqf* lands are undeveloped because they are not being taken care of or handled properly by the Councils as the trustees of *waqf*. Some of the Councils have a lack of qualified manpower (Chowdhury et al., 2012; Dahlia & Haslindar, 2013). Currently, there are only three personnels in the Council responsible for *waqf* administration in most of the states. It is becoming difficult for the staff to administer and assess *waqf* lands especially if the lands are huge in size and scattered in various districts. Dahlia and Haslindar (2013) found out that some of the *waqf* administrative employees are not qualified and knowledgeable about Islamic principles and the laws governing *waqf* lands. Mohammad et al. (2005) assert that being well-trained in property management as well as *fiqh* is a must for the trustees.

There is also an urge for the Councils to have an expert to handle the development project. For example, there was a cancellation of *waqf* project handled by Kelantan Islamic Religious and Malay Custom Council (MAIK) whereby Kemumin *Waqf* Hotel in Kota Bharu was supposed to be built with a funding from the federal government, but because of lack of experts to handle the project, it was cancelled and the federal government took the money back (Nur Farahiah et al., 2014). However, the researcher

has asked the officer in MAIK about the reason for the cancellation and the officer has denied the aforementioned reason. Nur Farahiah et al.'s (2014) report to which the officer claimed, that the cancellation was actually due to the fact that part of the *waqf* land allocated to build the hotel is *waqf zurri* or family *waqf*. Family *waqf* implies that the founder or donor of the *waqf* land has specified the beneficiaries from among his family members to receive benefits from the *waqf*. Hence, it is not suitable to build a hotel on a *waqf* land that is meant for family *waqf*. Whatever it is, the type of *waqf* can also contribute to the problems with developing the *waqf* land. In conclusion, existing literature has shown that the Councils need to take proper steps to develop human resources for the efficiency of *waqf* management in the organization.

2.9.2 Problems with Land Classification and Location

The land classification and the location of *waqf* lands also contribute to the problems regarding undeveloped *waqf* lands. Norhaliza and Mustafa (2009) found out that 90.34% of Selangor *waqf* lands were dedicated for religious purposes such as for mosques, surau, cemeteries and religious schools. Only 10% were meant for social purposes such as charity and general *waqf*. They claim that such classification of land use becomes unattractive for both investors and donors. Hence, this explains why some of the *waqf* lands are still undeveloped. Rashid (2014) agrees with the statement by emphasizing the need to know the land classification to avoid the same mistake made by India where 33% of the lands developed had no income generation capability because they were meant for cemeteries, mosques, and so on.

The problem worsens when the location of the *waqf* land makes the development difficult to be carried out. For instance, before the modernization of Malaya, the majority of the Malay communities resided in rural areas. Those Malays who were also

Muslims had dedicated some of their lands for *waqf*. The lands were unfortunately located in the undeveloped areas needless to say they were very far from town or road with nothing valuable to offer except bushes. Some of the lands are swamped lands and were not suitable for construction of buildings. Thus such lands required substantial funding for development (Sanep & Nur Diyana, 2011). Retrospectively, one way to solve the issue is by implementing *istibdal* on the property. Umar et al. (2015) assert that an *istibdal* is more suitable for the development of *waqf* properties, which in turn will finance socio-economic development. However, it is not easy to implement *istibdal* on all undeveloped *waqf* lands. First, the sale of *waqf* land should only be done in the state of extreme necessity (*darurah*) and when there is no other alternative. Second, the benefits from the land should be preserved. Third, preservation of the benefits should meet the purpose intended by the donor. Hence, the Councils have no other choice but to find funding for the development of such lands.

2.9.3 Lack of Funding

In the 9th Malaysian Plan, the Malaysian Federal government allocated RM256.4 million to JAWHAR to finance 17 *waqf* projects. However, in the 10th Malaysian Plan, only RM109.45 million was allocated for the development of *waqf* lands in the country. The Councils have proposed a budget of RM1 billion to develop *waqf* lands all over Malaysia, hence the funds from the Malaysian Plans are definitely not sufficient (Che Zuina et al., 2014). It is very hard to seek development capital from financial institutions because *waqf* lands in most states cannot be used as collateral due to their perpetuity and inalienability characteristics. These particular characteristics of *waqf* lands have thus become a constraint for obtaining funding from financial institutions. The Councils cannot use the lands as collateral for fear of losing them. Besides, financial institutions are not willing to accept the lands as collateral due to legal

constraints arising from the concept of perpetuity and inalienability (Mohammad et al., 2005).

There are no official guidelines from Center Bank of Malaysia (BNM) on the financing of *waqf* property development. BNM only touches the *shari'ah* resolution in Islamic financing, but does not directly focus on *waqf* assets (Bank Negara Malaysia, 2010). The problems with acquiring funding for the development of *waqf* lands can cease the *waqf*'s objective as a religious endowment. The beneficiaries cannot receive benefits from the purpose for which the *waqf* has been created. The revenue should be distributed among the beneficiaries such as the poor and the needy, schools, mosques and so on. The trustees of *waqf* properties need a paradigm shift in managing and looking for funding for the assets. They need to be more creative in dealing with various challenges. Shamsiah (2010b) emphasizes that the inability to overcome financing problems or lack of innovative financing for generating higher returns from *waqf* assets have hampered the growth of *waqf* lands.

In summary, these challenges and obstacles regarding *waqf* land development have contributed to the inefficiencies of *waqf* management in Malaysia. Efficient administration and management is one of the key elements that contribute to the success of *waqf* land development. Mohd Shukri (2012) made a comparison of *waqf* management between Malaysia and Singapore and found that the location of the *waqf* land, *waqf* management, *waqf* income, *waqf* development fund, development concept, *waqf* law, *fatwa* on *waqf*, and issues concerning *waqf* property development are they key elements of the successful *waqf* property development. According to the same author, good management is an important factor that contributes to the success of *waqf* property development.

Other than the literature detailing obstacles and challenges emerged in *waqf* land development, the study viewed that it is important to look into various case studies on *waqf* land development locally and internationally.

2.10 Case Studies of Successful *Waqf* Land Development

For the past few decades, there has been a call for *waqf* revival since there are a huge number of *waqf* lands that remain idle and unproductive in various Muslim countries as well as Muslim minority countries (Mohsin et al, 2016). Since then, there are successful cases of *waqf* land developed by the trustees. This evinces that some of the trustees are able to transform *waqf* lands from an idle and unproductive state to a developed state. These successful cases need to be highlighted so that other *waqf* trustees can learn from the cases.

Selected successful cases of *waqf* land development in Malaysia, Singapore and Turkey are presented in the following subsections. The successful cases are important to be highlighted because the researcher used the cases to examine how the successful *waqf* land development cases especially in other countries can be implemented in the Malaysian context from the Councils' perspective. Malaysia, for example, manifests several *waqf* land developments that have turned to be iconic such as the Imarah *Waqf* Tower in Kuala Lumpur and Seetee Aishah *Waqf* in Pulau Pinang. In light of these local successful *waqf* land developments, the development models employed need to be stressed. On a related note, Singapore, despite being a Muslim minority country, has been successful in managing and developing *waqf* lands (Mohd Shukri, 2012) Thus the successful *waqf* land development cases in Singapore need to be addressed in this study. Meanwhile, Turkey which inherited *waqf* systems from the Ottoman Empire, has had

one of the most sophisticated *waqf* systems within the Islamic world (Mohsin et al., 2016). The successful *waqf* land development cases in the three aforementioned countries were referred to in this study. It is important to examine how the development models employed in the countries can be applied in the Malaysian context. The sources of the case studies presented below were taken from existing literature, relevant websites and the Councils' documentation.

2.10.1 Selected Cases of Successful *Waqf* Land Development in Malaysia

Every Council has its own successful *waqf* land development case. Some of these cases have become the development icons for the respective states as presented below.

2.10.1.1 Seetee Aishah *Waqf* Land in Pulau Pinang

Pulau Pinang State Islamic Religious Council (MAINPP) has been known as one of the Islamic Religious Councils that have shown rapid progress in developing *waqf* properties commercially (Hydzulkifli & Asmak, 2012). With the expertise available in MAINPP and the support and cooperation given by private developers, MAINPP is able to develop large-scale *waqf* properties. One of the successful projects is Seetee Aishah *Waqf*.

Seetee Aishah *Waqf* has 9.274 acres of land and is located at Seberang Jaya, Seberang Perai Tengah, Penang, which is also adjacent to the North and South Highway. The location of this *waqf* land is very strategic and development has been made to maximize its potential as a *waqf* land. Due to lack of cash flow, MAINPP was unable to provide financing for the development, hence a joint venture with a private developer (UDA Holdings Bhd.) was necessary in developing the *waqf* land so that the value of the *waqf* properties will also increase (Hydzulkifli & Asmak, 2012; Mohsin et

al., 2016). A joint venture agreement with a long lease and build-operate-transfer (BOT) arrangement was finalized on 12 August 2007.

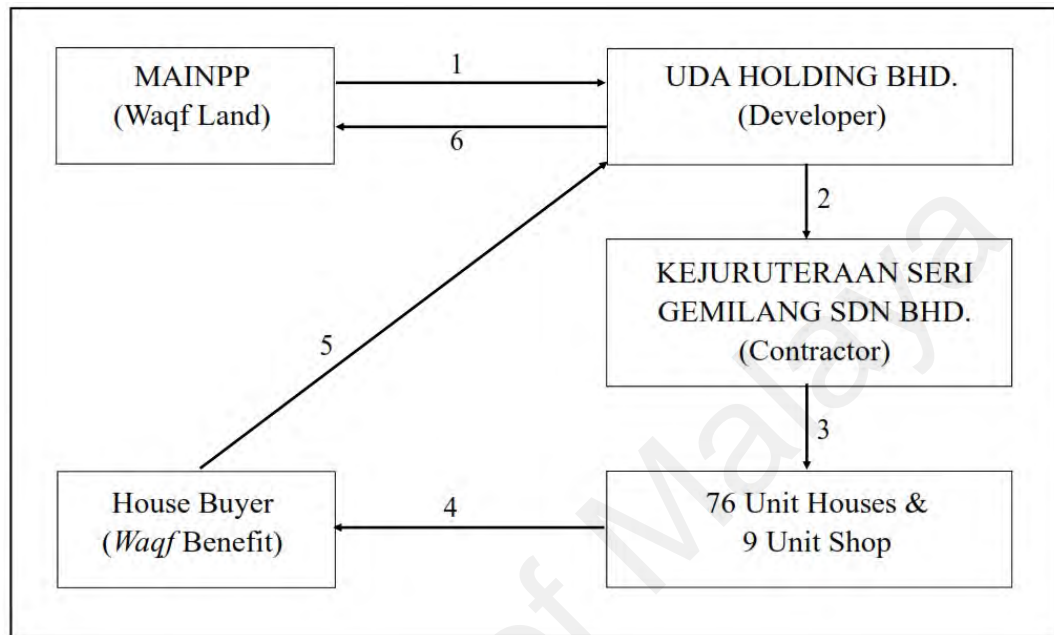


Figure 2.3: Development Model of Seetee Aishah Waqf

Source: Hydzulkifli & Asmak, (2012)

Figure 2.3 represents the development model of Seetee Aishah *Waqf*. The model is described as follows:

1. MAINPP provided a *waqf* land (Seetee Aishah *Waqf*) and entered into a joint venture with UDA Holdings Bhd. for the purpose of building houses and a block of three storey building for shops and offices;
2. UDA Holdings Bhd. appointed Kejuruteraan Seri Gemilang Sdn. Bhd. as a contractor for the construction of a three storey building and 76 units of double storey terrace houses;
3. Kejuruteraan Seri Gemilang Sdn. Bhd. completed the construction in stages in accordance with the agreement;
4. Once the project was completed, the developer offered the sale of the house to the buyer by way of lease 99 years (leasehold);

5. Interested buyers purchased the house from the developer (UDA Holdings Bhd.) from as low as RM 281,800.00 up to RM 439,600.00 for the unit;
6. MAINPP received nine units of shops and offices from the three storey building for free and also 30% proceeds from house sales.

Basically, the land will remain as *waqf*. The house buyers will lease the land for 99 years, and the lease is renewable at the end of the period. The house buyers are the *user* of the *waqf* land through the lease of the land. By holding the *waqf* land as a leasehold, the *waqf* land will remain perpetual and MAINPP is able to fulfil the donor's desire to make the distribution of the *waqf* income to the direct beneficiaries as follows:

- i. hold a tahlil of the donor's late parents and brothers once in the month of Ramadan annually and make payment of RM3 to participants;
- ii. pay and provide one can of kerosene oil for a mosque in Permatang Pauh during Ramadan;
- iii. send RM3.00 to Mecca for Umrah;
- iv. use half of the rental for repairs and maintenance of Permatang Pauh mosque.

In the event that no repair is carried out, the money is to be sent to Mecca for *waqf* or charitable purposes. The other half of the rental proceeds go to the family.

In summary, MAINPP has shown that it knows its own strengths and weaknesses when making plans to develop Seetee Aishah *Waqf*. MAINPP is able to provide *waqf* land as an immovable capital (MAINPP's strength) whereas the financial capital will be provided by UDA Holdings Bhd. (MAINPP's weakness). In return, Seetee Aishah *Waqf* has been proven to be one of the successful *waqf* land development cases in Malaysia despite the inability of MAINPP to provide financing for the development. This joint

venture implemented by MAINPP and the private developer may be used as a model for the other states in Malaysia to develop *waqf* properties more productively (Mohsin et al., 2016).

2.10.1.2 Imarah *Waqf* Tower in Kuala Lumpur

Ahmad Dowdjee Dadabhoy is the founder of the Imarah *Waqf* Tower in Kuala Lumpur and the land was given to MAIWP prior to his death. The value of the *waqf* land is very high since it is located in the golden triangle of Kuala Lumpur. This project is similar to Seetee Aishah *Waqf* where the Islamic Religious Council of Federal Territory (MAIWP) also focused on the development of the *waqf* land for commercialization. This project can be considered as one of the most distinguished contemporary *waqf* developments (Securities Commission Malaysia, 2014). The construction project began in 2007 and was completed in October 2010 with a cost of RM151 million. Lembaga Tabung Haji (LTH) or the Malaysian Pilgrims Fund Board was the main contractor and the financier of this project using the concept of build, operate and transfer (BOT). The development model of Imarah *Waqf* Tower is illustrated in Figure 2.4.

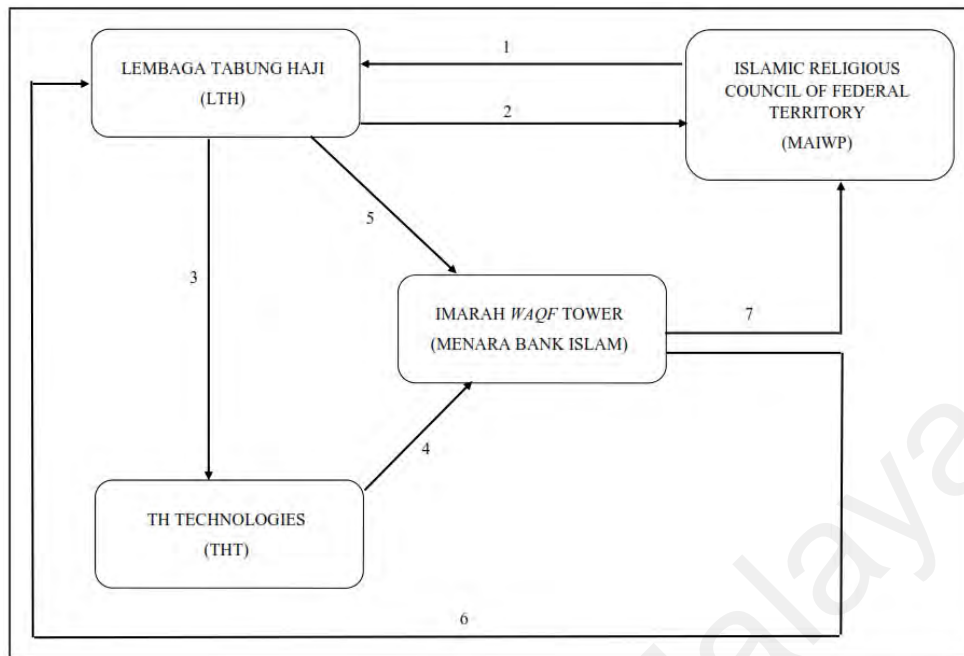


Figure 2.4: Development Model of Imarah *Waqf* Tower

Source: Securities Commission Malaysia, (2014)

Figure 2.4 represents the development model of Imarah *Waqf* Tower, currently known as Menara Bank Islam. Under this development model:

1. MAIWP entered into an agreement with LTH, where MAIWP provided 1.21 acres of *waqf* land for 25 years leasing based on *ijarah* contract. LTH enjoys the right to utilize the land within the leasing period;
2. In return, MAIWP received RM56.6 million from LTH as a one-off rental payment;
3. LTH appointed TH Technologies (THT), a subsidiary of LTH, as a project contractor to develop the project fully funded by LTH;
4. THT built a 34-storey office building;
5. Upon completion, LTH leased the building to Bank Islam Bhd. for 25 years, hence the Imarah *Waqf* Tower is also known as Menara Bank Islam;
6. Bank Islam pays rental payment to LTH for 25 years, and;

7. At the end of 25 year lease period, LTH will hand over the land and the building to MAIWP.

2.10.1.3 Pantai Puteri Hotel, Melaka

Pantai Puteri hotel which is a three-star hotel situated in Tanjung Kling, Melaka is a product of *waqf* land development fully founded by JAWHAR. It is the first *waqf* hotel in Malaysia and has cost RM26.1 million to build. The founder of the *waqf* is Wadi Bin Rabi who gave the land for *waqf* since 3 August 1995. The development only started on 15 January 2009 once the Melaka Islamic Religious Council (MAIM) received funding from the federal government through JAWHAR under the 10th Malaysia Plan, and was completed on 9 February 2011.

This is also a joint venture project where MAIM provided the immovable capital (*waqf* land), JAWHAR provided the funding, and Jabatan Kerja Raya (JKR) became the developer. Based on the agreement, the Council agreed to lease the hotel to Malaysia *Waqf* Foundation (YWM) for RM20,000 monthly for 25 years. The beneficiaries of this *waqf* are other *waqf* and other activities related to *waqf*. However, this *waqf* also gives benefits to the public or community by providing job opportunities to the public.

2.10.1.4 Shoplot in Selangor

In Selangor, all *waqf* matters are handled by Perbadanan Wakaf Selangor (PWS), a separate entity under the Selangor Islamic Religious Council (MAIS). PWS purchased a shop lot in Shah Alam using *waqf* funds for RM1.15 million in 2014. MAIS leased the shop lot to the lessee with an *ijarah* contract for RM5,000 per month. The income is used for related *waqf* activities in Selangor.

2.10.1.5 Terengganu Culinary Academy

This is another joint venture *waqf* development project in Malaysia between Terengganu Islamic Religious and Malay Custom Council (MAIDAM) and YWM. The academy was built on *waqf* land, financed by YWM up to RM2.48 million. The objective of the development is to provide education focusing on confectionery and baking to children from poor families. The development was made possible by the collaboration between MAIDAM (provide *waqf* land), YWM (financing) and GIATMARA (teacher).

2.10.1.6 Johor *Waqf* Building

This building which is located at Batu 6, Jalan Skudai, Johor Bahru, was purchased by the Johor Islamic Religious Council (MAIJ) for RM4.9 million. MAIJ financed this building using Johor *Waqf* Share (SWJ). MAIJ advertises any *waqf* project on their website through its Johor *e-waqf* system and makes it open to the public to purchase the SWJ. Once the required fund is ready, MAIJ will proceed with the development. This Johor *Waqf* Building is the first building funded by SWJ. MAIJ uses this building to run a haemodialysis centre with the capability to accommodate nearly 200 patients a day.

2.10.2 Selected Cases of Successful *Waqf* Land Development in Singapore

Singapore has been known in the world as a country that is able to manage and develop its *waqf* lands (Mohd Shukri, 2012). In Singapore, *waqf* matters are vested under the Singapore Islamic Religious Council (MUIS). The *Zakat* and *Waqf* strategic Unit of MUIS is responsible to administer all *waqf* developments. Warees Investment Pte Ltd, a wholly owned subsidiary of MUIS, was established in 2001 to manage all *waqf* properties in Singapore. Almost all functions of *waqf* such as tenancy matters,

development, sale and purchase, and maintenance of *waqf* properties are undertaken by Warees Investment Pte Ltd. Since the establishment of Warees Investment Pte Ltd, it is evinced that Singapore has successfully developed most of its *waqf* lands. The *waqf* development at Beencolen Street shows that MUIS is not only able to develop *waqf* lands, but to create economic value for the *waqf* as well. This successful *waqf* development has become a stepping stone for MUIS and Warees to develop their *waqf* land further as presented in the case of the Red House in Katong.

2.10.2.1 *Waqf* Development at Beencolen Street

One of the biggest successful *waqf* land development projects by MUIS is located at Beencolen Street. The *waqf* properties belong to Shaik Omar Bin Ali Aljunied, an Arab merchant, who died in 1852. Before the project commenced, there was an existing mosque and several shop-houses on this piece of *waqf* land. The shop-houses were only able to provide a rental income of S\$400 monthly to maintain the mosque. MUIS planned to develop this land due to its commercial potential. The project proposed to build 104 apartments with complete services, a mosque and a 6-storey commercial complex.

The total cost for the development was approximately S\$35 million funded through a *musharakah* bond. The profit from the project were distributed among the investors, who received a fixed return of 3.03% from the lease of service apartments. The *waqf* deeds were fulfilled by the construction of a new mosque with increase capacity for *jemaah*. The mosque received income from the commercial properties which was used for its maintenance and operation. Overall, the *musharakah* arrangement is illustrated in Figure 2.5.

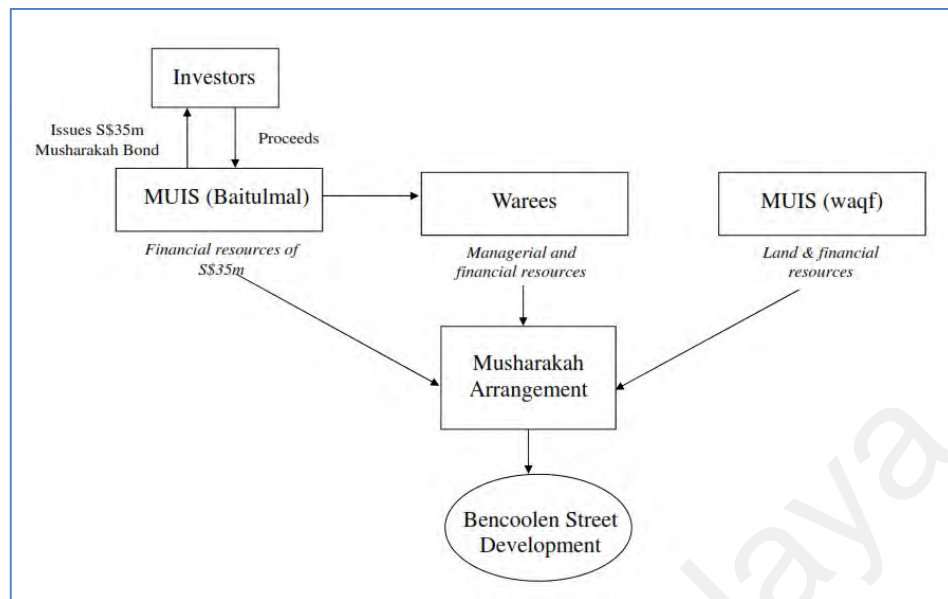


Figure 2.5: Musharakah Arrangement in Bencoolen Street Development

Source: Shamsiah, (2012)

The profit from the project was then divided accordingly based on the proportion of the capital invested, for example:

- i. Ascott Pte Ltd leased the service apartments for ten years and in the first year the company paid S\$1.3 million. The amount subsequently increased to \$1.8 million from year two to year ten.
- ii. The investors received a return fixed of 3.03% which was about the rental income in the first year from Ascott Pte Ltd;
- iii. The *waqf* received a brand new mosque with increase capacity for its *jemaah* and 4-storey of commercial properties to provide income for the mosques to maintain and run its operation.
- iv. Baitulmal received the service apartment with a 99-year lease. On top of this, Baitulmal has also contracted with Ascott Pte Ltd a profit-sharing ratio on the business of the service apartments. This did not include the return to be imputed for the investors in the *musharakah* contract as the profit-sharing ratio was exclusively for Baitulmal.

- v. Wares Investments Pte Ltd will receive a nominal investment return and professional fees for managing the development.

2.10.2.2 The Red House in Katong

In 1957, the shophouse where the Red House Bakery occupied was declared as a *waqf* together with five other adjacent shophouses along East Coast Road. The *waqf* was created by Sherrifa Zain Alsharoff Mohamed Alsagoff with the intention to fund her grandchildren's education 21 years after her death. Beyond that, the income from the *waqf* would be used to establish and maintain a dispensary for the purpose of providing free medicine for the poor.

The development known as 'The Red House' is a mixed development that witnessed the collaboration between WRH Pte Ltd (a wholly-owned subsidiary of Warees Investments Pte Ltd) and Wakaf Ilmu (Institution under the MUIS Group). It is the first project under the *Waqf Revitalisation Scheme* (WRS). The *Waqf* Revitalisation Scheme (WRS) is a comprehensive 3-year asset plan by Warees seeking to enhance the asset value and rejuvenate the characteristics of *waqf* properties. The proposed new development is a 99-year leasehold development comprising 42 residential units available in 3 exquisite classes, ranging from Residences, Suites to Lofts, 5 commercial units and an old conserved bakery along East Coast Road. In order to sustain and unlock the optimal value of *waqf* properties and continue *waqf* development as well as support conservation efforts to protect the architectural heritage through this project, Warees Investments Pte Ltd has created an institutional investments initiative (3I) that will serve as the trusted platform to allow the community institutions to participate and gain social benefits from the returns.

The institutional investments initiative is a new financing method introduced by Warees which transforms and sustains asset growth within the community. This financing method is the primary model that actualizes the WRS projects and serves as an asset creation and *waqf* enhancement blueprint developed by Warees. The model also seeks to optimize and improve asset performance within the community. The three key thrusts driving the 3I are:

- i. To grow community assets through *waqf* innovation and value creation;
- ii. To mobilize institutional participation through pooling of resources and optimize returns that give benefits to the community;
- iii. To preserve community heritage that contributes to Singapore's urban landscape.

There are two components of 3I for funding the projects. The first component includes the institutions within the MUIS Group namely, Wakaf Ilmu, Dana Pembangunan, YAL Saif Charity Trust and Madrasah Aljunied Al-Islamiah Management Committee. These institutions are involved in invest-to-lease 7 residential units in the Red House development for a leasehold period of 99 years. The purchase agreements for these institution investments are shown in Table 2.2.

Table 2.2: Institutional within MUIS Group Purchase Agreement

Purchaser (Institutional)	Number of Units Bought (S\$)
Wakaf Ilmu	2 (S\$2.71 Million)
Dana Pembangunan	1 (S\$1.04 Million)
YAL Saif Charity Trust	2 (S\$2.87 Million)
Madrasah Aljunied Al-Islamiah Management Committee	2 (S\$2.33 Million)
Total value	7 (S\$8.95 Million)

Source: Warees Investment Lte Ptd

The second component includes five mosques namely Al-Mukminin, An-Nur, Assyakirin, Darul Ghufuran and Haji Muhammad Salleh (Palmer Road) that contributed

S\$1 million each in two tranches. The first tranche of \$500K was disbursed to Warees upon the execution of the agreement on 23 April 2014 while the remaining \$500K was disbursed on 1 July 2014. Capital is guaranteed by Warees and the investment tenure is 2 years (24 months for each tranche).

Each mosque gives benefits as the returns offered is higher at 2.1% per annum (with a semiannual payout of returns) than the current fixed deposit returns of around 1% per annum (for deposits of 24 months). This is the first time where a *waqf* development project is financed using funds within the MUIS group, rather than the usual alternative of bank financing.

This model has been proven successful. Thus other *waqf* institutions, especially in Malaysia may use this model to develop their own *waqf* lands. This model has shown that it is possible to preserve and enhance old *waqf* properties, finance *waqf* land development using internal financing and at the end, create new economic and social values for the Red House's *waqf* development.

2.10.3 Selected Case of Successful *Waqf* Land Development in Turkey

In Turkey, the Sabanci Foundation was established in 1974 by Sadika Sabanci, the wife of Haci Omer Sabanci who donated her entire personal wealth for *waqf*. This is a family *waqf* and the Sabanci Foundation as the trustee of the *waqf* continues managing it even though nowadays Turkey has abolished the creation of new family *waqf* (Cizakca, 1995). Sabanci Foundation's mission is to promote social development and social awareness among current and future generations by supporting initiatives that create impact and lasting changes in people's lives. Sabanci Foundation started its *waqf* activities by building two primary schools in Andana province. Since then, the race to

serve the country has continued through the establishment of other institutions, organization of activities and scholarships as well as awards provided in the fields of healthcare, culture, sports, and education. To date, Sabanci Foundation has established 127 institutions in 78 residential areas in Turkey such as Sabanci University, 37 educational institutions, 20 students' hostels, 5 healthcare centers and hospitals, and so on. The income from the *waqf* properties has been distributed accordingly, such as 67% has been used to finance charity programs as specified in the *waqf* deed. 28% of the income is reinvested to increase the capital amount, and the remaining 5% is used to cover the management and administration expenses of the foundation, as well as allocation for reserves. It is pretty amazing how one family *waqf* can make outstanding contributions to the country in 40 years.

2.11 *Waqf* Business Model in Malaysia

Waqf business model refers to a business that can be implemented by *waqf* institutions in *waqf* business premises being developed (Yayasan Waqaf Malaysia, 2016). In Malaysia, there are two common business models that can be employed for the development of *waqf* properties namely:

- i. Private business company
- ii. Joint venture business

Private business company is represented by the corporate body established under the Companies Act 1965. Asharaf and Abdullaah (2013) state that the term 'corporate *waqf*' is familiar in other countries like Pakistan and Turkey which denotes a private business company's involvement in the establishment and management of *waqf* properties. However, they assert, the term only emerged in Malaysia during the launching of Johor Corporation's (JCorp) corporate *waqf* scheme in 2006. JCorp has

also initiated a *waqf* clinic which has been expanded into a corporate *waqf* entity known as Waqaf An-Nur Corporation Berhad (WANCorp). This example of a private business company focuses on economic gains besides fulfilling its corporate social responsibility (CSR).

Yayasan Waqaf Malaysia (2016) has also proposed a private business company model for private companies involved in *waqf*-oriented business as shown in figure 2.6.

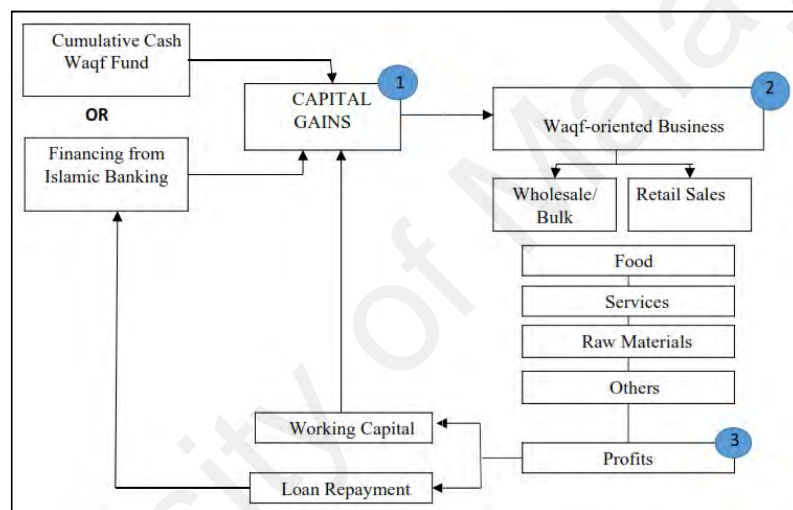


Figure 2.6: Private Business Company Model.

Source: Yayasan Waqaf Malaysia, (2016)

The model can be explained as follows:

1. Private companies can obtain funding either by *waqf* cash fund or loan from an Islamic financial institution whereby the fund can be considered as capital gain for the *waqf*-oriented business project;
2. The companies' business activities can be conducted in various areas such as wholesale, bulk or retail, supply of basic necessities, services, goods and other materials. In this model, it is emphasized that the companies will manage and make a decision solely by themselves.

3. Profit gained from the business will be treated as capital investment and part of it will be used as financing repayment.

The next *waqf* business model is a joint venture business. A joint venture business refers to two or more independent businesses for the sole purpose of achieving a specific outcome that would not have been achieved by any one of the firms alone (Pawitra, 2016). In Malaysia, there are a few cases of successful *waqf* land development using the joint venture business model. The famous *waqf* land development known as Seetee Aishah *Waqf* is an example of joint venture business between *waqf* trustee and a private company. MAINPP and UDA Holding Berhad performed a joint venture business under a Long Lease (LL) and Build-Operate-Transfer (BOT) arrangement. Mohsin et al. (2016) has listed several cases of *waqf* land development that employed a joint venture model such as Pantai Puteri Hotel (Melaka), Bukit Jelutong Community Mosque (Selangor) and *Waqf* Toh Kulup Lembang (Perak).

According to Yayasan Waqaf Malaysia (2016), a joint venture business of *waqf* property development is suitable for medium and large scale projects such as housing, education, health, and agriculture. The joint venture business model is shown in Figure 2.7 and can be explained as follows:

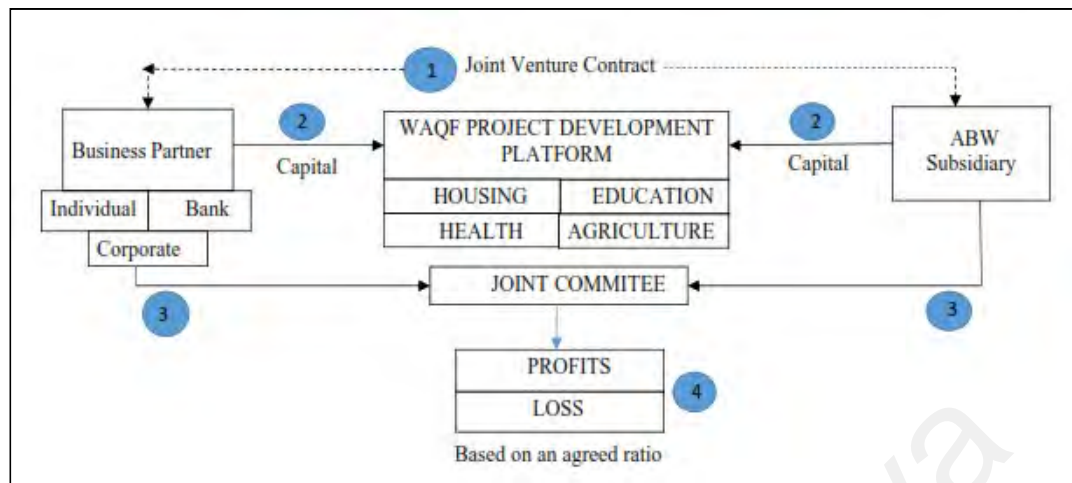


Figure 2.7: Joint Venture Business Model

Source: Yayasan Wakaf Malaysia, (2016)

1. Agency related to *waqf* (ABW) and business partner sign a joint venture agreement and issue a shared capital based on a particular ratio;
2. Business partners and subsidiaries of ABW provide capital for conducting business in various fields;
3. Both parties need to establish a joint committee;
4. Any profits or losses will be shared based on an agreed ratio.

According to Iman and Mohammad (2017), a workable *waqf* business model for entrepreneurship has not been developed further. The Councils in Malaysia only have a model version of practices for *waqf* development. Thus they lack of workable business model of entrepreneurship. Hence, Iman and Mohammad's statement can be used to justify the importance of looking at the social enterprise business model in the *waqf* context.

2.12 Conclusion

The benefits of *waqf* can expand beyond religious, cultural, racial and sectarian boundaries (Mohammad et al., 2005). The overall improvement in the awareness of *waqf* relies on the understanding and importance of *waqf* management as being instrumental in developing religious, community and national affairs (Mohsin et al., 2016). The cases that have been presented in the preceding session show that the trustees are able to transform idle *waqf* lands into income-generating *waqf* properties. The trustees are also able to fulfill the donor's intentions and the right of the beneficiaries. However, none of the development models evinced in the successful cases have been examined in light of the social enterprise business model for *waqf* land development in Malaysia.

According to Salarzahi et al. (2010), the *waqf* system is one of the successful social entrepreneurship models in Islam that require using business skills and entrepreneurial innovation simultaneously to achieve its objectives. *Waqf* institutions have been seen to embark into social enterprise, whether or not they are using social entrepreneurship approaches to achieve their social goals (Salarzahi, 2010). However, there is still a lot of *waqf* land that remain idle in Malaysia which suggests the lack of a proper business model for *waqf* land development. Hence, the next chapter will discuss the theoretical framework of the study.

CHAPTER 3: LITERATURE REVIEW OF SOCIAL ENTERPRISE

3.1 Introduction

This chapter highlights the literature review of social enterprise. It starts with a discussion of social enterprise and where it stands in the current type of business. The chapter then discusses nine feasible social enterprise business models adopted from Alter (2007).

The chapter proceeds to the discussion of business model in *waqf* setting. At the end of the chapter, the gaps found in the literature are presented in detail.

3.2 Social Enterprise

The phenomenon of social enterprise has attracted the attention of practitioners, policy makers and scholars (Mair and Marti, 2006). For practitioners, social enterprise is perceived to be an important element in societal organization that aims to solve local, national and international societal problems. Corporations too have become more interested in the potential of social enterprise particularly when it enables them to fulfil corporate social and environmental responsibilities. Further in-depth discussion of the definition of social enterprise is presented in the next subsections.

3.2.1 Where Does Social Enterprise Lie?

The literature explains that businesses can operate in non-profit, profit, and hybrid forms (Roper & Cheney, 2005; Alter, 2006). However, according to Grassl (2012), businesses have traditionally been categorized by ownership and predominant profit objectives as shown in Figure 3.1.

		Primary objective	
		Commercial	Social
Ownership	Private	Private Enterprises	Social Enterprises
	Public	Public Enterprises	Public Administration

Figure 3.1: Traditional Classification of Types of Businesses

Source: Grassl, (2012)

Grassl (2012) asserts that such classification divides economic activity neatly into two sectors (public and private). He assumes two objectives of business either for commercial purpose or for social purpose. For commercial businesses, their objective is purely market driven with the aim to increase shareholders' wealth. They can be present in the form of sole-proprietorships, partnerships, or public and private limited companies, with the intention to generate financial profits (Murphy & Combes, 2009). On the other hand, socially objective businesses such as charitable institutions are active in philanthropic activities with the aim to create social values such as helping and assisting the poor society. Yunus (2011) also named this as social business. In a social business, entrepreneurs aim to help others without expecting any financial gain for himself. Thus, the social business might be described as a "non-loss, non-dividend company". This is to say, its income and profits are wholly directed towards its mission and objectives. This sometimes results in the business having no extra income to maintain its operation. Besides, this somehow forces them to rely on the donors. Yunus (2011) emphasizes that social business is a business. Social business needs to be self-sustaining and able to generate enough income to cover its own cost. This is where social enterprise emerges.

According to Alter (2007), switching stakeholders' expectations of nonprofit organizations to achieve large-scale social impact while diversifying their funding has been regarded as a major factor for the appearance of the "hybrid organization" established for profit and non-profit purposes as shown in Table 3.1. This "hybrid organization" creates a new business model for the provision of products and services that aim directly to meet basic human needs that are not provided by current economic or social institution. The main difference between entrepreneurs operating in purely commercial businesses and social businesses is that the goal and mission of social contribution replace financial gains (Yitshaki et al., 2008). Social entrepreneurs aim to create social value for the public good while commercial entrepreneurs pursue economic value for venture creation (Austin et al., 2012). This is where social enterprise appears as a hybrid organization between the social and the commercial entrepreneurs. Social enterprise has emerged as the transformation of non-profit organization from being purely philanthropic to having mixed motives between social responsibility and revenue generation (Kosgaard & Anderson, 2011).

Table 3.1: Intersection of Profit Business and Nonprofit Business leading to the Emergence of Social Enterprise

	Purely philanthropic	Hybrid	Purely commercial
Motives	Appeal to goodwill	Mixed motives	Appeal to self-interest
Methods	Mission-driven	Balance of mission and market	Market-driven
Goals	Social value creation	Social and economic value creation	Economic value creation
Destination of Income/Profit	Directed toward mission activities of nonprofit organization (required by law or organizational policy)	Reinvested in mission activities or operational expenses, and/or retained for business growth and development (for-profits may redistribute a portion)	Distributed to shareholders and owners

Source: Alter, (2007)

In summary, social enterprise can be defined as an organization led by its economic, social, or environmental mission, and uses the private sector business model to gain profit in order to sustain themselves (Barraket et al, 2010; Luke & Chu, 2013; Muliyaningsih, 2014). According to Muliyaningsih (2014), social entrepreneurs have shown successful effort in tackling social problems using their innovative solutions for welfare, education, health, community development, and the environment. Thus it can be said that social entrepreneurs and social enterprises aim to create value for the society through the creation of sustainable solutions to neglected societal problems (Zeyen et al., 2013). Social programs should not be neglected as Gimmon and Spirro (2013, p.184) wrote:

“The cessation of a social program when the need still exists constitutes a violation of its commitment to the target population, and a waste of the resources invested in it”

3.2.2 The Hybrid Organization

Social enterprise has emerged as a new way to describe organizational forms and entrepreneurial approaches that prioritize social innovation and responsibility to the society. Social enterprises pursue the dual missions of achieving both financial sustainability and social purpose. Therefore, they do not fit neatly into the conventional categories of private, public or non-profit organizations (Doherty et al., 2014). Table 3.1 shows where social enterprise lies. By definition, hybrids are the offspring of two different species (OED, 2010). In the organization and management literature, the term has been classified based on several types of social enterprise depending on its business models (Dees 1998; Ridley-Duff 2008; Westall, 2009; Ridley-Duff & Bull 2011; Grassl, 2012). Grassl (2012) further classified literature on hybridity in business based on the chosen criteria of classification such as: i. by ultimate end (for-profit vs, non-

profit; ii. by societal sector (market vs. civil society vs. state); iii. by type of integration (external vs. integrated vs. embedded); iv. by goods produced (private vs. public); v. by product status (goods vs. services); vi. by agents of value creation (producers vs. consumers); and vii. by ownership (private vs. cooperative vs. public). Whatever classification social enterprise falls into, hybrid organizations combine institutional logics in their efforts to generate innovative solutions to complex problems (Jay, 2013). However, Doherty et al. (2014) identified hybridity as the pursuit of the dual missions of financial sustainability and social purpose. This defines the characteristic of a social enterprise.

The idea of hybrid organization has attracted the attention of many different players in the economic system since there is some preliminary evidence that social business initiatives can actually pay off, socially and financially (Wilson & Post, 2013). Doherty et al. (2014) synthesize that there are three important features of social enterprise hybridity, namely mission, financial resource and human resource. The authors assess the impact of hybridity on the management of the social enterprise's mission, financial resource acquisition and human resource mobilization, and present a framework to understand the tensions and trade-offs resulting from hybridity as shown in Table 3.2.

Table 3.2: Implications of Hybridity of Social Enterprises

Distinctive features	Challenges	Tensions	Trade-offs	Examples of management process
Mission	<p>To achieve business and social goals</p> <p>To manage the demands of multiple stakeholders and maintain legitimacy</p> <p>To develop relationships with partners using different logics</p>	<p>Conflicting demands between needs of clients and needs of other stakeholders</p> <p>Disagreements on priorities held by different groups</p> <p>Ensuring mission does not drift away from multiple goal achievements</p>	<p>Sacrificing social value creation for economic value</p> <p>Purposely not seeking profit maximization</p>	<p>Use social mission as a force for strategic direction</p> <p>Find optimum conditions where social value creation leads to profitability and competitive advantage</p>
Financial resource mobilization	<p>SEs may not be perceived as viable clients by mainstream financial institutions</p> <p>Lack of understanding of SE and social value by those controlling access to financial resources</p>	<p>The relative importance of earning versus other income</p> <p>Ethical issues involved in accessing different sources of income</p> <p>Conflicting expectations and demands between different stakeholders</p> <p>Operating under financial constraints due to inadequate financial resources</p>	<p>Dual pricing strategies for different groups of client</p> <p>Investors persuaded to accept a lower and slower rate of return in exchange for social value creation</p>	<p>Cross subsidization by targeting income sources that generate a surplus for reinvesting in social mission</p> <p>Leverage a mix of financial capital from both commercial and philanthropic sources</p> <p>Access to lower than market rate capital from social investors</p> <p>New legal forms to encourage investment</p>
Human resource mobilization	<p>Limited financial resources constrain SE salaries and wages</p> <p>Skill shortages and lack of competences in combining social and commercial objectives</p> <p>Attracting and retaining volunteers with appropriate skills</p>	<p>Managing motivation and rewards of employees and volunteers</p> <p>Volunteers not perceived to have skills and experience in some areas of service delivery</p> <p>Selection process of board members to provide a balance of social and commercial expertise</p>	<p>Balancing payment of higher SE salaries and investing in achieving social mission</p> <p>Recruiting volunteers versus high turnover of volunteers</p> <p>Higher SE salaries and wages reduce the attractiveness of SE to donors, volunteers and other stakeholders</p>	<p>Balance of staff and board members in terms of social and commercial and skills</p> <p>Use of non-pecuniary measures to motivate and reward employees, volunteers and trustees</p> <p>Social and commercial training for trustees and other stakeholders</p>

Source: Doherty et al., (2014)

Alter (2006), furthermore, states that social enterprises' mission will drive their social value creation, which is generated through their social programs. Whereas, financial needs and market opportunities drive the economic value creation. Unfortunately, due to the characteristics of social enterprises that do not provide services and products to their clients for commercial value, social enterprises are exposed to higher resource dependence in their environment (Grimes, 2010; Yitshaki et al., 2008). Social enterprises rely mostly on external grants and donor support for revenue. Social enterprises can improve the efficiency and effectiveness of the organizations by reducing the need for donated funds, providing a diversified funding base or enhancing the quality of social activities which is, by increasing market discipline (Dees, 1998). Since social enterprises rely mostly on external grants and donor support, social finance has been regarded as a means to overcome funding difficulties to run social enterprises' programs (Mollick, 2014; Shaikh et al., 2017). *Waqf* institutions as social enterprises should also take an advantage of Islamic social finance to fund their *waqf* development.

3.3 Islamic Social Finance

Social finance refers to the deployment of financial resources for social return as well as economic return with the aim to overcome societal challenges (Lehner & Nicholls, 2014). The concept of social finance in Islam has already existed through several instruments such as *sukuk* as well as social financing mechanisms such as *zakat*, *waqf* and *sadaqah* (Nor Razinah & Engku Rabiah Adawiah, 2017). According to Mahomed (2017), international organization such as the United Nations Development Program (UNDP) is using Islamic finance to solve the funding gap for social development and emergency relief. This efforts lead to the International Centre for Education in Islamic Finance based in Malaysia (INCEIF) to actively embarked on initiatives to encourage

policy change to directly impact the social well-being of the society by utilizing Islamic social finance. According to Lehner and Nicholls (2014), one way to implement social finance for social enterprises is by doing crowdfunding.

Crowdfunding can potentially emerge as a major financing source for social enterprises due to higher valuation and access to more capital (Hazam & Olsson, 2017). Crowdfunding is not just able to provide necessary fund to social enterprises, but also leads to a higher social participation (Lehner & Nicholls, 2014). According to Nur Aqidah and Mohd Rizal (2016), crowdfunding can be a good tool to connect people with the aim to do *waqf*. Some of *waqf* institutions in Malaysia have already started to implement crowdfunding methods as a way to fund *waqf* land development. For example, MAIJ has already used crowdfunding which they called it as Johor *Waqf* Shares as discussed in section 2.10.1.6. This crowdfunding method implemented by MAIJ is able to attract participation in social finance from all around the world. By using anonline tool as a means for crowdfunding such as Johor *e-waqf* system, crowdfunding is able to fulfill specific aims and objectives of particular social enterprises (Mollick, 2014). Since most *waqf* institutions are still having problems with obtaining funds for *waqf* land development (Shamsiah, 2010b; Che Zuina et al., 2014), as discussed in section 2.9, *waqf* institutions need to fully utilize Islamic social finance to fund *waqf* land development. It is time for *waqf* institutions to really operate as social enterprises. Hence, a social enterprise business model is needed to accomplish *waqf* institution's social and economic value creation. By having a social enterprise business model, it is hoped that *waqf* institutions can develop their *waqf* lands without relying so much on donor support and governmental funds.

3.4 Social Enterprise Business Model

A private sector business model has been referred to as architecture, design, pattern, plan, method, assumption, and statement (Morris et al., 2005). It is also generally defined as the set of capabilities that allows the firm to create value, capture the value, and transform it into profit (Chesbrough, 2010; Teece, 2010; Casadesus-Masanell & Ricart, 2010). Even though social enterprises use a private sector business model to gain profit, upholding social mission still remains as the main objective of social enterprises. In other words, a social enterprise business model will create and capture both economic and social values. This evinces the hybridity of the organization as discussed in Chapter 3.2.2. These value creation and capture can address different stakeholders or even the society as a whole (Thompson & MacMillan, 2010; Yunus et al., 2010). As social enterprises, *waqf* institutions' value capture is definitely not for profit generation, but rather for creating different forms of value. Even though the social impact is the main objective of *waqf* creation, it cannot be denied that the economic value is crucial to help maintain and sustain *waqf* properties since getting funding for *waqf* property development is very difficult. From this perspective, *waqf* institutions should be involved in the complex business model design. According to Brouard and Larivet (2010), the essence of entrepreneurship lies in the design of effective business models of social enterprises. The Councils as *waqf* trustees should stimulate themselves to have a proper social enterprise business model. They need to capture the value and deliver it for social and economic purposes. They need to be proactive to ease their obstacles and challenges in developing their *waqf* lands (Rashid, 2012). As Lukman and Bharuddin (2014) argue, Islam actually encourages people to generate wealth for the society. By doing so, Muslims need to seek new knowledge and techniques to make themselves better in every aspect. Thus, shifting the nature of *waqf* institutions to hybridity is necessary as long as it does not go against the Islamic laws.

A social enterprise business model can be designed based on the social enterprises' mission orientation, the type of integration between social programs and enterprise activities, and the intended target markets (Alter 2007). Mission centric, mission related, unrelated to mission, are the types of mission orientation for social enterprises. These types of mission orientation evince their relationship with the types of social enterprises as shown in Figure 3.2. *Waqf* institutions' mission orientation is usually mission centric and mission related. Social value creation is the main objective of *waqf* creation. Nevertheless, economic value creation is also needed to sustain *waqf* properties.

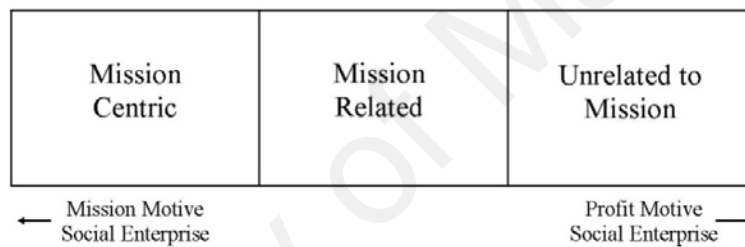


Figure 3.2: The Relationship of Mission Orientations and the Type of Organization

Source: Alter, (2007)

There are three levels of integration between social enterprises' social programs and their business activities which are embedded, integrated, and external. The enterprises' activities are "embedded" if the unification of social and economic activities, social mission as mission centric, and the target population are evident in the business model. They are in fact "integrated" if the social and economic activities overlap and create synergies between them, whereby the target population is the beneficiaries of income earned from the social enterprises. Finally, they are "external" if their social activities are separated from their business activities, and if their profit impact is higher than the social impact. As for the Councils, *waqf* land development projects are embedded in their organizational activities. *Waqf* land development serves as the mission of the

Councils. Meanwhile, the target population consists of the *waqf* beneficiaries and the society. The Councils have evinced that they are social enterprises by nature. Thus with a feasibility of a social enterprise business model, it is hoped that the development of *waqf* lands could also accelerate the development of the Muslim society in Malaysia.

Besides charitable organizations like *waqf* institutions, community and voluntary organizations in the non-profit sector have also shown an interest in the business models of social enterprise as they are seen as a strategy to achieve financial sustainability (Haugh, 2012). In addition, policy makers at local and national levels, as well as international development institutions have acknowledged the potential of social enterprises to deliver goods and services efficiently and effectively to impoverished and hard-to-reach individuals and groups (Haugh, 2012). Thus, the social enterprise business model is also as important as private business model.

According to Grassl (2012, p.46-47), business models for social enterprise can be obtained through the logical structure of social relations, $H(x, y, L)$, x = social enterprise, y = target population (or beneficiaries), L = goods or services transacted on the market on which they are otherwise traded, and H is the business model that results from the combination of the three arguments. Alter (2007) proposes nine feasible business models for social enterprise. These social enterprise business models illustrate the configurations used to create social and economic value, and can be applied equally to institutions, programs, or service delivery. Alter's business models have clearly manifested the financial and product flows in relation to the social enterprise, the market, and the clients, as depicted in Figure 3.3. The description of Alter's nine social enterprise business models is presented in the following subsections.

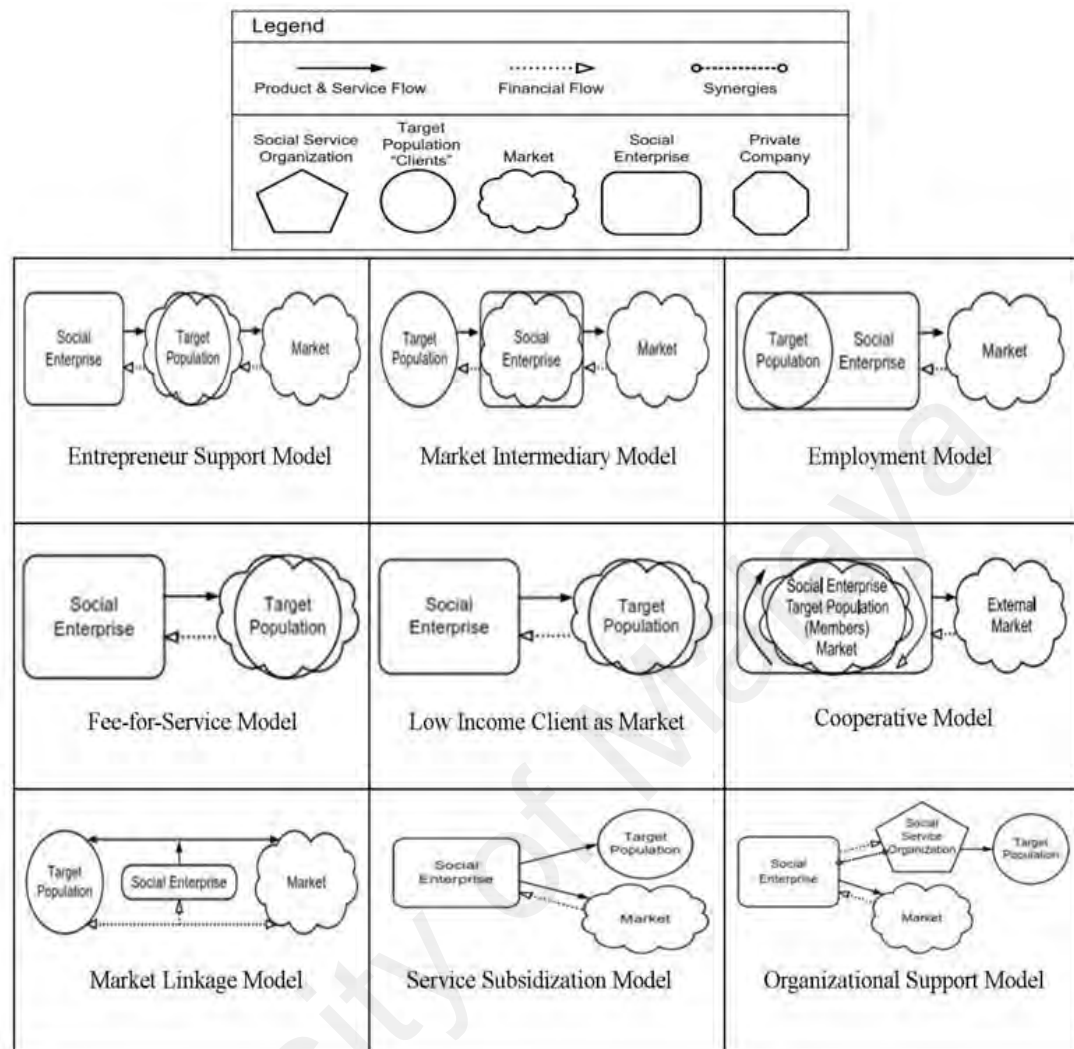


Figure 3.3: Business Models of Social Enterprise

Source: Alter, (2007)

3.4.1 Entrepreneur Support Model

In the entrepreneur support model as described by Alter (2007), the social enterprise sells business support and financial services to its target population which is their clients, self-employed individuals or firms. The clients of social enterprise then sell their products and services in the open market. This business model is widely used by microfinance institutions, small and medium enterprises (SME) and business

development service (BDS). They provide business support and financial services such as credit and microfinance, management consulting, technology and products.

3.4.2 Market Intermediary Model

According to Alter (2007), the market intermediary model helps the social enterprise provide services to its target population and access the market. The services provided by the social enterprise will add value to its client's products by providing product development, production and marketing assistance, and credit. In this model, the social enterprise either purchases the client's product outright or takes them on consignment, and then marks up the product when selling it in the market. Marketing supply cooperatives, agriculture, and handicraft organizations are the examples of organizations that use this model.

3.4.3 Employment Model

In the employment model, the social enterprise provides employment opportunities and job training to its target population. The clients are usually people with disability, homeless, and people who need help in promoting themselves in the job market. The employment model is widely used by social service organizations and by low-income women, recovering addicts, disabled people, and youth. They usually work at janitorial and landscape companies, cafes, bookstores and mechanical repair shops.

3.4.4 Fee-for-service Model

The fee-for-service model indicates that the social enterprise sells social services directly to its target population. By having commercialized social services, the social enterprise will gain financial self-sufficiency through the fees charged for the services. The income earned will be used to pay the expenses to deliver the services. Any net

revenue can be used to finance other social programs. This model is commonly used by nonprofit organizations especially in the health and education sectors such as schools, hospitals, and clinics.

3.4.5 Low-income Client as Market Model

The low-income client as market model is a variation of the fee-for-service model which also views the target population as the market to sell goods and services. This model focuses on providing access to products and services not offered in the market to poor and low income clients. For example the healthcare sector provides vaccinations, prescription drugs and medical services at a cheaper or discounted price, or the education sector provides cheaper tuition to children from low income family. The income from the products and services sold will be used to cover operating and distributing costs. According to Alter (2007), achieving financial viability will be challenging for the social enterprise. However, the social enterprise needs to develop creative distribution and operating system to minimize the production costs of its products and services.

3.4.6 Cooperative Model

The cooperative model provides direct benefits to the target population through member services such as market information, technical assistance, economies of bulk purchase, and access to products and services. The cooperative membership consists of small scale producers in the same product group or a community which has the same needs, for example the needs for capital and health care. This includes agriculture cooperative producers which market and sell the products of their members and at the same time give inputs into the agricultural process. Unlike a true cooperative, members

of cooperative model do not make capital contribution. Hence, the funding usually comes from philanthropic sources or the government.

3.4.7 Market Linkage Model

In the market linkage model, the social enterprise facilitates trade relationships between the target population, small producers, local firms and cooperatives, and the external market. The social enterprise functions as a broker connecting buyers to the producers and vice versa, and charges an amount of fees for the service. This model has been widely used by trade associations, cooperatives, and private sector partnership such as import-export, market research and broker service.

3.4.8 Service Subsidization Model

The service subsidization model implies that the social enterprise sells products or services to an external market and uses the income to fund its social program. In this model, the social enterprise can be any type of business. Most social enterprises leverage their tangible assets such as building, land or equipment, or intangible assets such as methodology, brand and knowledge assistance, as the basis of their business activities. The commercialization of their business activities leads to a closer relationship with its social programs. Hence, the activities may enhance the social enterprise's social mission. The social enterprise gains benefits from leveraging and cost sharing relationship, and provides a stream of unrestricted revenue to 'subsidize' or wholly fund other social programs. The service subsidization model can also be adapted into the organizational support model, if it becomes profitable enough and is able to stream revenue to the parent organization.

3.4.9 Organizational Support Model

In the organizational support model, the social enterprise sells products and services to an external market, businesses or the general public. In some cases, the customer is the target population. In this model, business activities are separated from social programs. The net revenues from the social enterprise provide a funding stream to cover the costs of social programs and operating expenses of the nonprofit parent organization. Although the organizational support model may have social attributes, the profit, not social impact is the prerequisite for this type of social enterprise. This model is widely used among western nonprofit organizations across sectors.

3.5 Business Model in *Waqf* Setting

There is a possibility that some of these business models can be adapted to *waqf* setting. For example, in the service subsidization model, social enterprises use their tangible assets as their business activities. This is similar to *waqf* institutions whereby they also use their tangible assets to gain some income to sustain themselves. However, it should be clear that *waqf* assets such as land and building are perpetuities and that, the use of *waqf* assets should adhere to the *waqf* deed. According to Ahmed (2011), there is a need to examine the use of *waqf* to create social enterprises which can give benefits to the public. He emphasizes that the legal status, organizational structure, governance and management, and returns are some of the constraints of *waqf* institutions to function as social enterprises. However, there are also some other elements that need to be examined before a social enterprise business model for *waqf* land development in Malaysia can be adapted. The strengths and weaknesses of the Councils as sole trustees of *waqf* land need to be understood when developing *waqf* lands. Existing literature has shown that there are a lot of weaknesses in developing *waqf* lands by the Councils as

discussed in section 2.9. However, there are a limited number of studies that manifest the strengths of the Councils as social enterprises in developing *waqf* lands.

The objectives of *waqf* creation that target the social impact also need to be examined in order to have a feasibility of a business model that also cater for the targeted population or beneficiary. There is also limited research on *waqf* beneficiaries, especially on the beneficiaries' needs from *waqf* development. The study focus on the communities who use and gain benefits from *waqf* land development. They are the biggest users of *waqf* benefits in Malaysia. However, there is no clear view of how the Councils know or foresee the needs of the communities before they develop *waqf* lands. The objective of *waqf* creation is to fulfill the needs of beneficiaries but even the rights of the beneficiaries have not been met (Mohsin, 2014; Mohsin et al., 2016). Since the biggest user of general *waqf* land development is the communities, hence, it is important to investigate the social impact of *waqf* land development to the communities. In this regard, a social enterprise business model for *waqf* land development does not only need to provide continuous economic values, but also meet the needs of the communities to maximize social impact. According to Shamsiah (2010b) there is an increasing need of *waqf* beneficiaries especially for mosques. *Waqf* revenues can no longer cover the operational costs of *waqf* properties. The needs of *waqf* beneficiaries can no longer be fulfilled using the previous business model as Shamsiah (2010b, p.158) said:

“the model does not fulfil the needs of the beneficiaries and need to be revamped to achieve the initial objectives of the *waqif*”.

A conceptual framework based on Alter's social enterprise business model, the findings from literature review, and the practical aspect of *waqf* land was constructed for this study to have a feasibility of the social enterprise business model that cater the

waqf setting in general, and *waqf* land development in particular. The conceptual framework for the study will be discussed in Chapter 4.

3.6 Gaps in Literature

Based on the literature reviewed in the preceding section, there are two main issues to be addressed. First, the conceptualization of *waqf* land development in the context of social enterprise business model. Alter (2007) has proposed nine feasible business models for social enterprise as discussed in section 3.4. However, none of Alter's social enterprise business models caters for *waqf* land development. The study done by Mohammad (2008) emphasizes the importance of *waqf* sustainability where *waqf* need to be self-reliant and self-sustaining. *Waqf* trustees need to ensure that *waqf* properties can be developed and sustained without relying so much financing on donor support and governmental funds. Corresponding to the importance of *waqf* sustainability, Salarzahi et al., (2010), Raimi et al., (2014), and Iman and Mohammad (2017) conceptualize *waqf* in the context of social entrepreneurship and social enterprise where the economic value creation is viewed important in parallel with social value creation. Iman and Mohammad (2017) made the first attempt to detail out the practical aspect of *waqf* entrepreneurship in Malaysia including proposing a business model of *waqf* entrepreneurship. Iman and Mohammad (2017) however, did not do an in-depth study on *waqf* institutions as social enterprises and the significance of the target population (communities) in the business model. Alter (2007) propagates that target population is one of the theoretical aspects of social enterprise business model. The conceptualization of a framework linking the social enterprise (the Councils), *waqf* target population and the market will fill the gap in the literature.

In addition, there is a very negligible amount of literature that focuses on the social impact of *waqf* land development to the communities. Previous studies only focus on *waqf* as a tool for poverty alleviation (Nuruddeen Muhammad, 2010; Amuda & Che Embi, 2013; Amuda, 2013; Lukman & Bharuddin, 2014). Shamsiah (2010b) raises the issue of the increasing needs of *waqf* beneficiaries especially for mosques, and that there are insufficient funds from *waqf* revenues to cover the operational costs. However, there is a dearth of empirical evidence regarding the needs of *waqf* communities and their satisfaction towards *waqf* land development. Hence, this study sought to fill the gap in the existing literature by conducting a holistic investigation into both *waqf* trustees and their target population.

3.7 Conclusion

This chapter has presented a comprehensive literature review of social enterprise and its business models in light of relevant theories. The discussion included the current states of *waqf* business models in Malaysia and other important models such as financing and management models for *waqf* land development. This chapter further presented the conceptual framework for the study adapted from Alter's social enterprise business model.

Chapter Four will describe the research position and the methodology used in the study. It will also discuss the justification for the research methods.

CHAPTER 4: METHODOLOGY

4.1 Introduction

Chapter Two and Chapter Three provided arguments and ideas to establish the significance and rationale to conduct the study. Both chapters have argued that there is a need for a social enterprise business model for *waqf* land development in Malaysia. Hence, the aim of this chapter is to provide insights into the research methodology adopted for this study. At first, this chapter highlights the purpose of the study. It is then followed by the discussion of research methodology of the study. This chapter then discusses the research philosophy and approach taken throughout the study. This includes a justification for and the reasoning behind the selection and implementation of the proposed methodology. At the end, this chapter discusses the research approach, research techniques as well as data collection and analysis of the techniques.

4.2 Objectives of the Study

Four research objectives have been formulated for this study. The first research objective is to examine the current *waqf* land development models of the Councils as social enterprises in Malaysia. The research questions that attempt to achieve the first research objective are as follows:

RQ1a: What are the current *waqf* land development models including policy practices and *waqf* financing being adopted by the Councils?

RQ1b: In what ways can *waqf* land development models in other countries be applied in the Malaysian context?

RQ1c: What are the types of products, services, and financial flows involved in *waqf* land development in Malaysia?

The second research objective is to examine the organizational strengths and weaknesses of the Councils in developing *waqf* lands in Malaysia. The research question that attempts to achieve the second research objective is as follows:

RQ2: What are the strengths and weaknesses of the Councils in developing *waqf* lands?

The third research objective is to investigate perceived factors of the current *waqf* land development that contribute to the Councils' success as social enterprises. The research question that attempts to achieve the third research objective is as follows:

RQ3: What are the perceived factors of the current *waqf* land development models that contribute to the Councils' success as social enterprises?

Lastly, the fourth research objective is to analyze the social impact of *waqf* land development to the communities. In order to achieve the last objective of the study, there are four research questions need to be answered:

RQ4a: What are the benefits received by the communities of *waqf* land?

RQ4b: What are the needs of the communities of *waqf* land?

RQ4c: To what extent *waqf* land development satisfies the communities?

RQ4d: To what extent *waqf* land development meets the needs of the communities?

Overall, there are four research objectives in the study, and nine research questions formulated to achieve the objectives.

4.3 Conceptual Framework

Based on the discussion on the theoretical aspects of social enterprise and social enterprise business model in the preceding sections, a conceptual framework was developed for the study as presented in Figure 4.1. Basically, the conceptual framework for a study draws on theory, research, experience, and the relationship among constructs and ideas (Bloomberg & Volpe, 2012). The conceptual framework provides the theoretical and methodological basis for the development of a study and analysis of findings.

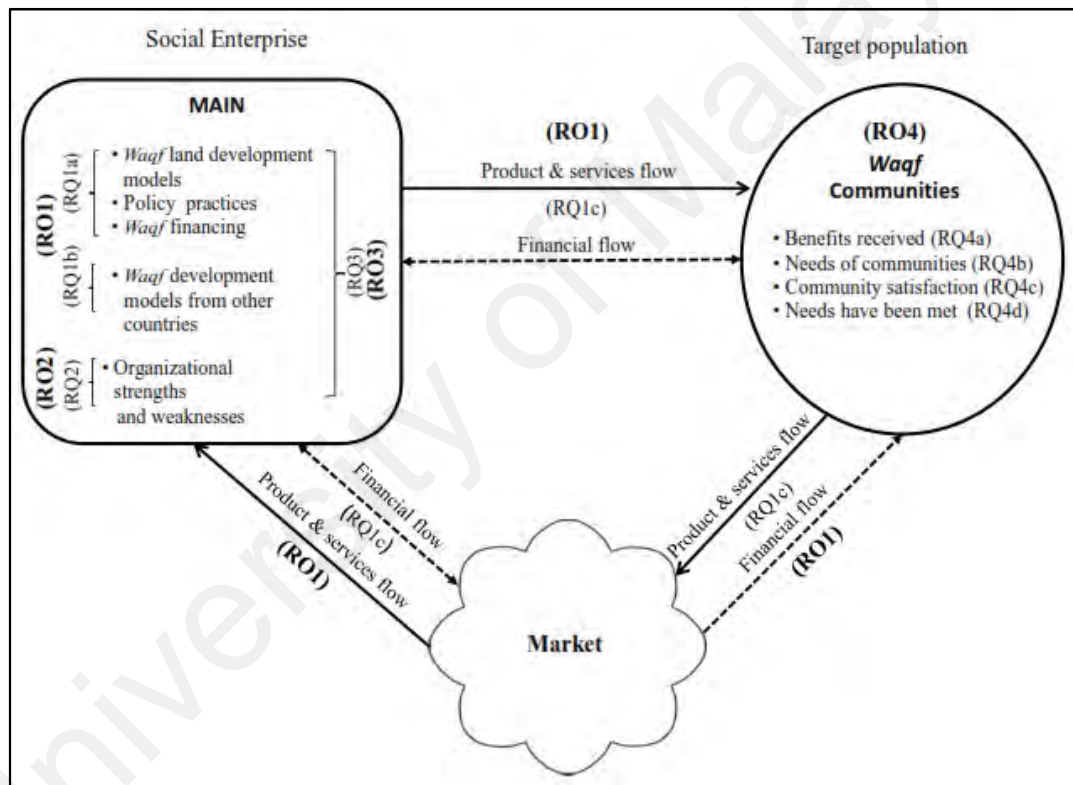


Figure 4.1: Social Enterprise Business Model for *Waqf* Land Development

This study adapted Alter's social enterprise business model (Alter, 2007) and the findings from previous literature and practices aspect of *waqf* land development as discussed in Chapter 2. In order to understand the social enterprise business model for *waqf* land development in Malaysia, the study used theoretical aspects of social enterprise business model which were obtained from the combination of three

arguments; i. Social enterprise; ii. Target population (beneficiaries); and iii. Goods and services transacted on market on which they are otherwise traded (Grassl, 2012: p.46-47; Alter, 2007).

In social enterprise part, firstly, themes related to *waqf* land development such as development models, policy practices and financing for *waqf* development were examined. *Waqf* land development models explain the basic development models that have been practiced by the Councils when developing *waqf* lands. Policy practices explain the organizational structure of *waqf* institutions, and include the needs of the institutions as social enterprises to adhere to *shari'ah* principles, *fatwa* and laws related to *waqf*. Meanwhile, themes related to *waqf* financing emphasizes financial availability and practices for *waqf* land development. Secondly, the researcher agreed with Iman and Muhammad (2017) who state that the models proposed and implemented in other countries need to be examined to decide how they can be embedded into the Malaysian context. However, this study only looked at the perspective from the Councils in Malaysia since they are the trustees of *waqf* land development in their respective state. Lastly, previous literature has also shown many weaknesses of the trustees (Mohammad, 2009; Norhaliza & Mustafa, 2009; Chowdhury et al., 2012; Rashid, 2012; Nur Farahiah et al., 2014; Nur Zarina et al., 2014; Mohsin et al., 2016), and very few highlighted the strengths of the particular trustee in developing *waqf* lands. Thus, this study sought to examine the strengths of the Councils as well as their weaknesses in developing *waqf* lands besides functioning as social enterprises.

In terms of target population, this study analyzed the extent to which the current *waqf* land development benefits the communities. Based on the main objective of *waqf* creation, the social enterprise business model for *waqf* land development should target

the social impact to the target population. Hence, in this part, this study investigated the communities who use and gain benefits from *waqf* land development. The study does not look at specific beneficiary (*mawquh alayh*) of *waqf* land development as stipulated by the donor, but rather looking at the communities in general since they are the biggest user of *waqf* benefits. Mohd Zain (1982, p.214) emphasizes the rights and power of the user of *waqf* benefits when he wrote:

“In the case of a mosque, or property for the support of a mosque and its services, every individual Muslim, at least everyone who may normally expect to worship there, has a personal right in the *waqf*, which he is entitled to defend on his own behalf”

Thus, the benefits received from *waqf* land development by communities as well as their needs and satisfaction towards *waqf* land development need to be examined in order to investigate the social impact of *waqf* land development. Qumsan (2017) highlights the importance of the findings of quantitative research with regard to beneficiary satisfaction as they can assess the performance of a service and provide information to improve the service quality. Thus, the study measures community satisfaction and provides empirical evidence to the literature.

Lastly, the products, services, and financial flows involved in *waqf* land development and how they transacted on market were also examined in order to identify the transaction that occurs among *waqf* stakeholders when developing *waqf* lands. Even though Grassl (2012) discusses this part separately from the other two arguments regarding social enterprise business model, the current researcher put forth this argument in social enterprise part since the products, services, and financial flows involved in *waqf* land development come together in the development models.

4.4 Research Methodology

Research methodology refers to the designs and implementations of logical thought appropriate for the focus and nature of the research problem and the questions being explored (Wing et al., 1998; Klein and Myers, 1999; Fellows and Liu, 2003). This study has taken a nested research methodology approach (Kagioglou et al., 2000). The “nested” approach provides a holistic and integrated research method, and ensures that the adopted research philosophy, approach and techniques are both appropriate and compatible. In summary, the nested research methodology shall have three layers consisted of research philosophy, approaches and techniques of the study. Figure 4.2 illustrates how these three layers are interrelated. The research philosophy covers the outer layer which consists of ontology and epistemology of the study. The second layer shows the research approaches incorporating qualitative and quantitative methods. The last or the most inner layer presents the research techniques consisting of data collection tools such as literature review, semi-structured interview, questionnaire, and observation. The constituent research philosophy, approach and technique elements are discussed in the forthcoming sections.



Figure 4.2: The Nested Research Methodology
Source: Adapted from Kagioglou et al., (2000)

4.5 Research Philosophy

The design of the study depends on the ontology and epistemology of the researcher. The researcher should have a basic understanding of research philosophies and paradigm most relevant to the area of study. Researchers, whether aware or not, shows the reflection of assumptions about the nature of the social world and the way it might be investigated when bringing their subject of study (Burrell & Morgan, 1979). Furthermore, Patton (2008) regards paradigm as important because it recognizes that different methods are appropriate for different situations and purposes.

Ontology and epistemology are the two main philosophical schools of thought in social research (Bryman, 2012). Ontology discusses the ‘claims’ and assumptions that are made about the nature of reality, claims about what exists, what it looks like, what units make it up, and how the units interact with each other (Guba & Lincoln, 1994). Meanwhile, epistemology deals with a question concerned with the nature of knowledge. For example, how one understands the world and communicates that understanding to others (Burrell & Morgan, 1979). Ontology logically precedes epistemology, whilst epistemology precedes methodology (Sutrisna, 2009). The ontological assumption precedes the epistemological and methodological assumptions and in turn feeds into the ways in which research questions are formulated and research is carried out (Bryman, 2012). Therefore the choice of methodology and, to a certain extent, method in investigating social phenomena, depends on ontological and epistemological assumptions.

Scholars approach the study of *waqf* land development based on different understandings and paradigms. Previous studies in the area of *waqf* have been dominated by interpretivist scholars where a lot of conceptual research on *waqf* are

provided such as Raimi et al. (2014) conceptualize *waqf* and zakah system as faith-based model for poverty reduction and Shaikh et al. (2017) present their ideas on the application of *waqf* in the social finance sector as funding mechanism for social and development projects and services. Interpretivists believe that there is a clear distinction to be made between the natural and the social world, and therefore researchers need a methodology and methods of gathering data suitable with the subjects being studied (Grix, 2010). On the other hand, positivists embrace any approach which applies scientific method to human affairs conceived as belonging to a natural order open to subjective enquiry (Hollis, 1999). While both methodological approaches serve a certain purpose for their research paradigm, this study used pragmatism paradigm to answer the research questions.

Pragmatism research philosophy is not committed to any particular research philosophy or paradigm because knowledge is claimed to arise out of situations, actions, and consequences, rather than from antecedent conditions as in postpositivism (Bloomberg & Volpe, 2012). Pragmatists believe that there are multiple ways of interpreting the world and undertaking research (Saunders et al., 2012). Pragmatists propose that, within the same study, methods can be combined to understand a research problem more fully or completely (Bloomberg & Volpe, 2012) compared to either quantitative or qualitative method alone (Creswell, 2014). Pragmatism argues that the most important determinant of the epistemology, ontology and axiology being adopted is the research question. It means, one may be more appropriate than the other for answering particular questions (Saunders et al., 2012). This paradigm influenced the way in which the researcher linked the questions of the research content to the questions about the organization of the context being researched and the researcher's own context (Biesta & Burbules, 2003). It means, the researcher should be free to choose the

methods and procedures that best meet her needs and purposes determined by the research questions. Thus, the current researcher as a pragmatist thus adopted multiple data collections and data analyses. Based on this pragmatism paradigm, the next section will describe the research approaches undertaken in the study.

4.6 Research Approach

There are diverse research approaches available for research. The collection of a particular research approach is driven by the research objective formulated. Yin (2009) proposes that a research approach is dependant on the type of the research question posed, the extent of control a researcher has over actual behavioural events, and the focus on contemporary as opposed to historical events. The most common research approach is qualitative, quantitative or a combination of both methods which is called, mixed method research (Fellows & Liu, 2003; Neuman, 2006).

4.6.1 Qualitative Approach

Qualitative research is a research approach that usually emphasizes words rather than quantification in the collection and analysis of data. According to Bryman (2012), even though in qualitative research, the research strategy is inductivist, constructionist, and interpretivist, qualitative researchers do not always subscribe to all these three features. Methods of data collection associated with qualitative research are also used by researchers working within a positivist or realist research paradigm (Grix, 2010). Normally, qualitative research seeks to understand how people see and interact with the world (Fellows & Liu, 2003). It usually involves in-depth investigation of knowledge through, for example, participant observation, interviewing technique, archival or other documentary analyses, or ethnographic study (Grix, 2010).

Figure 4.3 outlines a representation of how the qualitative research process can be visualized. Step 1 denotes the establishment of research question(s) for the study. From the research question(s), in Step 2, researchers should select the relevant site(s) and subject(s) such as location and relevant research participants. In Step 3, researchers proceed with the collection of relevant data for the study. It depends on the research technique of collecting data such as ethnography, observation, case study, and interview. Step 4 involves the process of interpretation of data from the data collection stages. Step 5 is where researchers identify whether there is a new concept or theory emerged from the study. In this step, the theory coupled with the interpretation of data, will form the findings of the study. In this step, researchers can also tighten the specification of the research question(s) and decide whether collection of further data is needed. The last step is where the findings and conclusion of the study are drawn.

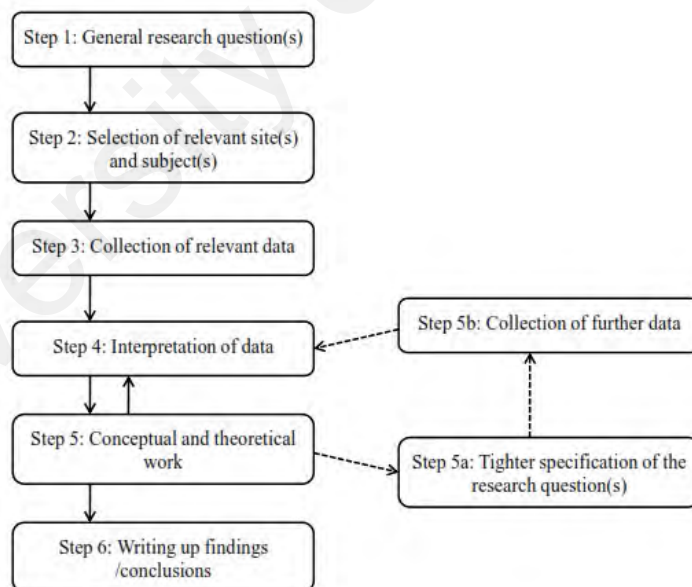


Figure 4.3: An Outline of the Main Steps of Qualitative Research

Source: Bryman, (2012)

4.6.2 Quantitative Approach

Quantitative research entails the collection of numerical data that exhibits a relationship between theory and research in light of deductivism, positivism and objective conception of social reality (Saunders et al., 2012; Bryman, 2012). Quantitative approach adopts “scientific method” in which researchers go about using knowledge and evidence to reach objective conclusions about the real world, usually with hypotheses to be tested (Fellows and Liu, 2003). The scientific method is the same in social sciences, such as business, as in the physical sciences, such as physics (Zikmund et al., 2013). According to Bryman (2012), the main strengths of quantitative research method lie in precision and control. The samples collected from quantitative research are often large and representative, hence the results can be generalized to a larger population within acceptable error limits.

Figure 4.4 summarizes the main steps in quantitative research. The main steps in quantitative research represent a useful starting point for grasping the main ingredients of the approach and the links between them (Bryman, 2012). It starts off with a theory which signifies deductive approach. A hypothesis is deduced from the theory and tested. According to Bryman (2012), hypothesis testing is more likely to be found in experimental research. The next step is the selection of a research design. Some of the most common quantitative research techniques include experiments, surveys, and correlational and descriptive researches. Step 4 represents the process of devising measures of the concepts in which researchers manifest their interest. This process is also referred to as operationalization. Operationalization involves identifying scales that correspond to variance in the concept (Zikmund et al., 2013). This scale provides correspondence rules that indicate that a certain value on a scale corresponds to some true value of a concept. Step 5 and step 6 entail the selection of a research site and then the selection of

subjects or respondents such as appropriate communities or research sample to test the hypothesis. Step 7 involves the administration of the research instruments. For example, a cross-sectional research using social survey research instrument will involve interviewing the sample members following a structured schedule or through self-completion questionnaire. Step 8 refers to the process where the information that has been collected must be transformed into data. In the context of quantitative research, it must be prepared so that it can be quantified. The data will then be analyzed in step 9. On the basis of the analysis of data, researchers must interpret the results of the analysis. In step 10, researchers will come up with the findings of the study as reported through the analysis. In the last step, the research must be written up. Once the findings have been published, it will become part of the body of knowledge in the field of research.

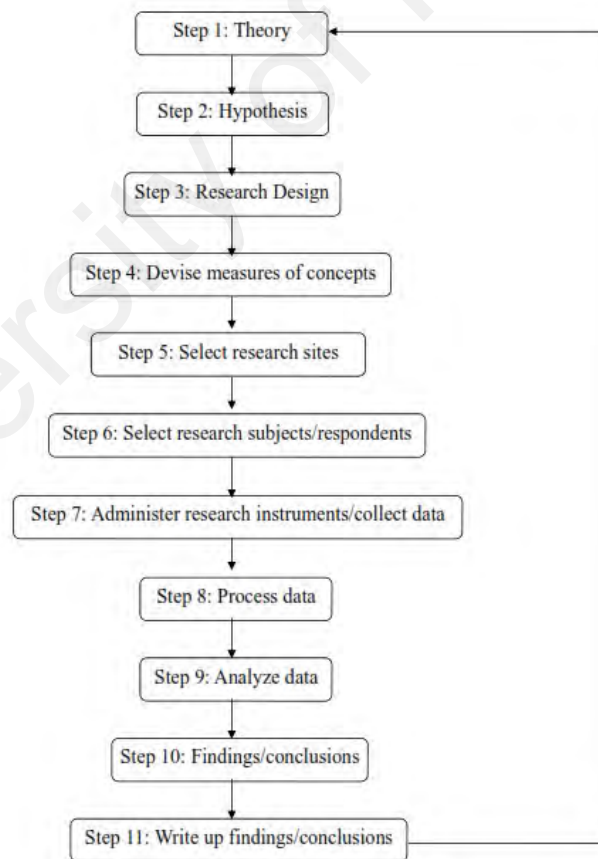


Figure 4.4: An Outline of the Main Steps of Quantitative Research
Source: Bryman, (2012)

4.6.3 Mixed Methods Approach

This study examined the current *waqf* land development models, the strengths and weaknesses of *waqf* trustees as social enterprises, the perceived factors of the current *waqf* land that contribute to the Councils' success as social enterprises and the social impact of *waqf* land development on the communities. A mixed methods research was employed in order to achieve part of the research objectives. A mixed methods research basically uses “quantitative and qualitative data collection techniques and analysis procedures either at the same time (parallel) or one after the other (sequential) but does not combine them” (Saunders et al., 2012). It means quantitative data are analyzed quantitatively and qualitative data are analyzed qualitatively.

There is an argument against mixed methods research due to the idea that qualitative research and quantitative research are separate paradigms (Bryman, 2012). However, a mixed methods research has proven effective in many cases depending on the research objectives (Cavaye, 2008). According to Grix (2010) and Bryman (2012), researchers should view mixed methods as mere tools for collecting data and not dealing with paradigm argument, where one research should have one paradigm and usually it is either positivism or interpretivism. As discussed in section 4.5, the current researcher is not committed to either positivism or interpretivism paradigm. This study, however, adopted pragmatism research paradigm. According to Bryman (2012), the technical version about the nature of quantitative and qualitative research essentially views the two research approaches as compatible. As a result, mixed methods research becomes both feasible and desirable. Hammersley (2002) proposes three approaches to mixed methods research as follows:

- i. **Triangulation** - this refers to the use of quantitative research to corroborate qualitative research findings or vice versa;

- ii. **Facilitation** - this approach arises when one research strategy is employed in order to aid research using the other research strategies;
- iii. **Complementarity** - this approach occurs when the two research strategies are employed in order that different aspects of an investigation can be detailed.

Triangulation gives an added dimension and adds considerable value to the research results, providing both breadth and depth findings (Moore, 2000). Jonsen and Jehn (2009) point out that triangulation serves three purposes. The primary purpose is to eliminate or reduce biases and increase the reliability and validity of the study. The secondary purpose is to increase the comprehensiveness of a study besides providing qualitatively derived richness, and achieving a more complete understanding of the phenomenon under study. This thus entails complementarity. Lastly, the tertiary purpose is to increase confidence regarding results generated. Based on the strengths of triangulation, this study used a triangulation approach to answer the last research objective.

Sequential triangulation was used where the researcher first began with a qualitative research phase and explored the views of the participants. This qualitative phase is basically used to specify variables that need to go into a follow-up quantitative study (Creswell, 2014). However, the researcher only employed mixed methods to analyze the social impact of *waqf* land development to the communities as shown in Table 4.1.

Table 4.1: Research Methodology of the Study

Research objectives	Research Questions	Research Approach	Research Techniques
<u>Research Objective 1 (RO1)</u> To examine the current <i>waqf</i> land development models of the Councils as social enterprises in Malaysia.	RQ1a: What are the current development models including policy practices and <i>waqf</i> financing being adopted by the Councils? RQ1b: In what ways can <i>waqf</i> land development models in other countries be applied in the Malaysian context? RQ1c: What are the types of products, services, and financial flows involved in <i>waqf</i> land development in Malaysia?	Qualitative Qualitative Qualitative	Interview, Document Review Interview Interview
<u>Research Objective 2 (RO2)</u> To examine the organizational strengths and weaknesses of the Councils in developing <i>waqf</i> land in Malaysia.	RQ2: What are the strengths and weaknesses of the Councils in developing <i>waqf</i> land?	Qualitative	Interview
<u>Research Objective 3 (RO3)</u> To investigate perceived factors of the current <i>waqf</i> land development that contribute to the Councils' success as social enterprises.	RQ3: What are the perceived factors of the current <i>waqf</i> land development models that contribute to the Councils' success as social enterprises?	Qualitative	Interview

Table 4.1, Continued

Research objectives	Research Questions	Research Approach	Research Techniques
<u>Research Objective 4 (RO4)</u> To analyze the social impact of <i>waqf</i> land development to the communities.	RQ4a: What are the benefits received by the communities of <i>waqf</i> land? RQ4b: What are the needs of the communities of <i>waqf</i> land? RQ4c: To what extent <i>waqf</i> land development satisfies the communities? RQ4d: To what extent <i>waqf</i> land development meets the needs of the communities?	Mixed Methods Mixed Methods Mixed Methods Quantitative	Interview, Questionnaire Interview, Questionnaire Interview, Questionnaire Questionnaire

Table 4.1 showcases the research methodology for the study. Since the objectives of the study explores and examines matters pertinent to *waqf* land development such as current *waqf* land development model, Councils' strengths and weaknesses in developing *waqf* land, and perceived factors of the current *waqf* land development that contribute to the Councils' success as social enterprises from the Councils' own practices and perspectives, a qualitative research were undertook to answer the research questions. According to Fellows and Liu (2003), qualitative research seeks to understand how people see and interact with the world. It usually involves in-depth investigation of knowledge through, for example, participant observation, interviewing technique, archival or other documentary analyses, or ethnographic study (Grix, 2010). Hence, the researcher adopt qualitative research to answer all the research questions except for RQ4d where quantitative research is adopted.

In research objective four (RO4) of the study, the researcher analyze the social impact of *waqf* land development to the communities. As discussed in Section 2.7 where the participants in *waqf* creation which involved donor-trustee-beneficiary relationship, RO4 is looking at the social impact provided by the Councils as *waqf* trustees to the communities who use and gain benefits from the *waqf* land development. Hence, sequential triangulation was used as mentioned on page 96.

In next section, the researcher discussed the research techniques for the study. It discusses the unit of analysis, sampling and data collection methods of the study.

4.7 Research Techniques

Research techniques refer to the collection of primary and secondary data and the analysis method for both sides of the data (Saunders et al., 2012). Primary data refer to the information obtained firsthand by researchers for the specific purpose of the study. On the other hand, secondary data refer to the information gathered from existing sources. The data could either be in the format of raw data or analyzed data.

The main objectives of this section are to identify and present the data collection techniques employed, and to explain clearly the process undertaken by the researcher for each method. The rest of the section elaborates in greater detail the process of data analysis.

4.7.1 Unit of Analysis

The unit of analysis can be an individual, a group, an institution, a household or a department. It indicates what or who should provide data and the level of aggregation

(Zikmund et al., 2009). Yin (2009) suggests that main units used must be at the same level as the research questions, and typically comparable to those previously studied.

In this study, the researcher used two main units such as:

- i. **Organization** - *waqf* institution that is responsible to supervise, manage and develop all *waqf* lands. This unit of analysis was used when conducting the qualitative data collection; and
- ii. **Individuals** - people who receive or use the benefits of *waqf* land development. This unit of analysis was used when conducting quantitative data collection.

4.7.2 Sampling

In this study, the researcher used two research approaches to answer the research questions. As the study sought to achieve four research objectives related to social enterprise business model in a *waqf* setting, the researcher used purposive sampling for data collection. Literature suggests that all types of sampling in qualitative research may be encompassed under the broad term of purposive sampling (Morse, 1991; Sandelowski, 1995; Coyne, 1997). The goal of purposive sampling is to sample cases or participants in a strategic way, so that those sampled are relevant to the research questions being posed, and able to meet the research objectives (Bryman, 2012; Saunders et al., 2012). Sampling for qualitative and quantitative approach of the study is presented in the following subsections.

4.7.2.1 Sample for Qualitative Approach

In Malaysia, there are 13 states and three Federal Territories. Each state has its own Council that is responsible for administering and managing all *waqf* matters in the state. Whereas, there is only one Council for Federal Territory located in Kuala Lumpur. The researcher decided to study the entire population of *waqf* trustees specifically, the 14 Councils in Malaysia since they have been legally appointed by their respective legislation to supervise all *waqf* assets and be responsible for their management and development as discussed in section 2.7.2. Qualitative research approach was conducted in all 14 Councils. Target respondents are the Head and the officers who are in charge of *waqf* matters in the Councils. When the Head of *waqf* unit was not available, the next senior officer was approached. The respondents work in *Waqf* Department or other departments that handle *waqf* land development. The list of the Councils and their corresponding codes are presented in Table 4.2.

Table 4.2: List of State Islamic Religious Council (the Council) and the Corresponding Codes

No	State/Federal Territory	The Council	Codes
1.	Johor	Johor Islamic Religious Council (MAIJ)	Council 1
2.	Kedah	State of Kedah Islamic Religious Council (MAIK)	Council 2
3.	Kelantan	Kelantan Islamic Religious and Malay Custom Council (MAIK)	Council 3
4.	Melaka	Melaka Islamic Religious Council (MAIM)	Council 4
5.	Negeri Sembilan	Negeri Sembilan Islamic Religious Council (MAINS)	Council 5
6.	Pahang	Pahang Islamic Religious and Malay Custom Council (MUIP)	Council 6
7.	Perak	Perak Islamic Religious and Malay Custom Council (MAIPk)	Council 7
8.	Perlis	Perlis Islamic Religious and Malay Custom Council (MAIPs)	Council 8

Table 4.2, Continued

No	State/Federal Territory	The Council	Codes
9.	Pulau Pinang	State of Penang Islamic Religious Council (MAIPP)	Council 9
10.	Sabah	Sabah Islamic Religious Council (MUIS)	Council 10
11.	Sarawak	Sarawak Islamic Religious Council (MIS)	Council 11
12.	Selangor	Selangor Islamic Religious Council (MAIS)	Council 12
13.	Terengganu	Terengganu Islamic Religious and Malay Custom Council (MAIDAM)	Council 13
14.	Federal Territories: Kuala Lumpur, Putrajaya, and Labuan	Wilayah Persekutuan Islamic Religious Council (MAIWP)	Council 14

4.7.2.2 Sample for Quantitative Approach

The researcher also used purposive sampling for quantitative research approach to achieve the last objective of the study which is to analyze the social impact of *waqf* land development on the communities who use and benefit from the development. Yayasan Waqaf Malaysia (2016) proposes seven categories of *waqf* land development namely, religion, education, health, agriculture, housing, business and services, and infrastructure and facilities. These categories represent social, socio-economic and economic sectors of *waqf* land development in Malaysia. However, in this study, the researcher only used five categories; religion, education, health, housing, and business and services for quantitative survey. The researcher excluded agriculture, and infrastructure and facilities categories because of the researcher's inability to obtain information of the *waqf* premises from the Councils. The questionnaire was distributed to communities in the aforementioned five categories in order to answer the research questions. Since the researcher sought to analyze the social impact of *waqf* land development to the communities, the respondents of the study are not necessarily the *mawquh alayh*. The researcher does not differentiate this two types of respondents since

the researcher is looking at the social impact of the *waqf* land development to the overall communities. As Marzunisham (2018) said:

“One of the biggest misconceptions is on its usage. *Waqf* is to benefit all. While *waqf* land has traditionally been used to build mosques, cemeteries or tahfiz schools, nothing in the Quran or Hadith prohibits wider use of *waqf* to meet the needs of the community. In fact, there is no requirement for a waqif or donor and beneficiary of *waqf* to be a Muslim”.

However, the researcher chose the respondents for quantitative study based on these two guidelines: i. Respondents are in the *waqf* premises at the time the survey is conducted and voluntarily participate in the survey; and ii. *Waqf* premises chosen must fall under the five *waqf* development categories (religion, education, health, housing, and business and services). In the education category, since most of *waqf* lands for education in Malaysia are specified by the donor for *Tahfiz* (memorized the Quran) school, a *Tahfiz* school in Terengganu which was built on 2.4 hectares of *waqf* land, and *Al-Quran* and *Fardhu Ain* class in a *waqf* mosque in Selangor were selected for sampling. The questionnaires were distributed to the managers and teachers in both schools. However, for students, the questionnaires were only distributed to the students of the *Tahfiz* school since the *Al-Quran* and *Fardhu Ain* class caters for students of age twelve and below who may not understand the questionnaires.

Two *waqf* mosques in Kajang and Bangi were selected as *waqf* premises for the religion category. However, the researcher also sought *waqf* orphanages in the category as they are functioning different from the mosque. Orphanage manages welfare of the orphans, whereas mosque provides facilities to Muslims to perform their obligation to Allah SWT. Two *waqf* orphanages in Kelantan were selected in this case. The questionnaires were only distributed to the caretakers and the workers in the premises since they were available during the time the survey was conducted. *Waqf* premises that fall under the rest of the *waqf* categories such as health, housing and business and

services, were also selected based on their connection to the categories. *Waqf* clinic and hemodialysis centre in Seremban, Negeri Sembilan is a *waqf* clinic under the collaboration between Seremban Specialist Hospital and Negeri Sembilan Islamic Religious Council (MAINS). Seetee Aishah *Waqf* in Seberang Perai, Pulau Pinang was selected as a public residential area since it is an iconic *waqf* housing in Malaysia. A discussion about Seetee Aishah *Waqf* can be referred to in section 2.10.1.1. Offices at *Waqf Imarah* Tower Kuala Lumpur were also selected because of its iconic *waqf* development for office and business building (see section 2.10.1.2). Shoplots that are *waqf* premises at Seetee Aishah *Waqf* in Seberang Perai, Pulau Pinang were selected besides *waqf* community bazaars in Kajang and Bangi, Selangor that have been developed by YWM for Selangor Islamic Religious Council (MAIS). Distribution of respondents for quantitative survey is presented in Table 4.3.

Table 4.3: Distribution of Respondents for the Questionnaire

Categories	<i>Waqf</i> Premises	Location	State
Education	<i>Tahfiz</i> School	Kuala Terengganu	Terengganu
	<i>Al-Quran</i> and <i>Fardhu Ain</i> class (KAFA)	Kajang	Selangor
Religion	Mosque	Kajang and Bangi	Selangor
	Orphanage	Machang and Wakaf Bharu	Kelantan
Health	<i>Waqf</i> Clinic and hemodialysis Centre	Seremban	Negeri Sembilan
Housing	Public Residential Area	Seberang Perai	Pulau Pinang
Business and Services	Offices	Kuala Lumpur	Kuala Lumpur
	Shoplots	Seberang Perai, Kajang and Bangi	Pulau Pinang and Selangor

4.7.3 Data Collection

Data collection refers to the techniques used to gather data for the study. In this study, the researcher collected primary data through face-to-face semi-structured interviews and questionnaire. Secondary data were extracted from official documents, books, journals, internet websites, annual reports and conference papers. It is advantageous for the researcher to do face-to-face interviews since the researcher was also able to examine the official documents of the Councils after the interviews and make a short visit to the *waqf* land development sites. In the next section, the researcher will describe data collections for both qualitative and quantitative approach of the study.

4.7.3.1 Interview

An interview is a purposeful discussion between two or more people (Saunders et al., 2012). The use of interviews can help a researcher gather valid and reliable data that are relevant to the research questions and objectives. A well-conducted interview is a powerful tool for obtaining rich data about people's views, attitudes and the meanings they ascribe to things. Hence, many studies agree that interviews are widely used in qualitative research (Kvale, 1996; Yin, 2009; Saunders et al., 2012; Bryman, 2012; Creswell, 2014). Furthermore, Creswell (2014) states that a major benefit of collecting data through individual and in-depth interviews is that it offers the potential to capture a person's perspective of an event or experience.

Yin (2009) asserts that interviews are widely used in case study research because they allow people to develop arguments and speak more freely of issues raised by researchers. Interviews may be highly structured, semistructured, or open structured (Willis & Jost, 2007; Yin, 2009). The differences among the types of interviews are explained below:

- i. **Structured interviews** - The use of pre-formulated questions, strictly regulated with regard to the order of the questions, and sometimes the time available;
- ii. **Semi-structured interviews** - Researchers will have a list of themes and questions to be covered, but do not strictly adhere to them. New questions might emerge during the conversation;
- iii. **Unstructured interviews** - Only few if any pre-formulated questions. As a result, the respondents have a free rein to say what they want. This type of interview often does not have time limit.

In this study, semi-structured interviews were used to collect qualitative data. The questions were designed based on the research objectives and research questions. The questions were used during the interviews to extract the right and relevant data to address the research objectives and research questions. The researcher used semi-structured interviews to answer all research questions of the study. The researcher conducted interviews in a number of stages whereby each stage has its own task assignment as follows:

- a) ***Pre-interview:*** An email was sent to all specified respondents with a written consent to have an interview on several suggested dates. A set of relevant documents, research brief, authorization letter, interview questions and other materials important to facilitate the readiness of the respondent for the interview session were delivered prior to the interview session. Confirmations of interview appointment and the name of the respondents were made via telephone prior to the interview.

b) **Interview:** The interviews were conducted in the respondent's office either in the individual office room of the respective respondent or in a meeting room. The profiles of the respondents for the interviews are listed in Table 4.4. The interviews were face-to-face, semi-structured and in-depth. Some of the interviews were group interviews where there were more than one respondent in the session. Group interviews gave advantage to the researcher in terms of direct opportunity to resolve any conflicting information by directly asking the respective respondent if *waqf* matters are being handled by more than one officer. Overall, 16 interviews sessions with 22 respondents were successfully conducted from December 2015 to June 2016 as presented in Table 4.4.

Table 4.4: Profiles of Respondents for Semi-Structured Interviews

Council	Designation	Date of interview	Duration
Council 1	Assistant Director	28 January 2016	48 minutes
Council 2	Admin Officer	30 March 2016	71 minutes
Council 3	Admin Officer	15 March 2016	72 minutes
Council 4*	i. Economic Officer ii. Assistant Deputy Secretary	23 May 2016	55 minutes
Council 5	Executive	28 June 2016	100 minutes
Council 6	i. Senior Economic Officer ii. Assistant Economic Officer	18 March 2016	130 minutes
Council 7	i. Deputy Chief Executive Officer ii. Manager	4 April 2016	115 minutes
Council 8	i. Head of <i>Waqf</i> Unit ii. Head of Investment Unit iii. Acting Chief Executive Officer	30 March 2016	116 minutes
Council 9	Head of <i>Waqf</i> Unit	31 March 2016	126 minutes
Council 10	Head of <i>Waqf</i> and Baitulmal	20 June 2016	95 minutes
Council 11	Head of <i>Waqf</i> Division	13 June 2016	129 minutes
Council 12	i. Deputy Chief Executive Officer ii. Land Development Officer	21 Dec 2015 23 Dec 2015	25 minutes 23 minutes
Council 13	i. Deputy Senior Director ii. Assistant Engineer iii. Admin Officer	16 March 2016 16 March 2016	114 minutes 14 minutes
Council 14	Head of <i>Waqf</i> Unit.	11 January 2016	22 minutes
* Refused to be digitally recorded			

The researcher began each interview with a proper introduction of herself, an expression of gratitude to the respondents, and a brief explanation of the objectives of the research. The respondents were assured that their responses were completely confidential. The respondents were asked several questions about their position in the organization, their background, and the organizational structure of the organization. These questions aimed at making the respondents feel comfortable before embarking on more detailed questions. The advantage of doing this is that it would increase the level of confidence in the researcher's trustworthiness and reduce the possibility of response bias (Saunders et al., 2012).

The interviews lasted an average of 78 minutes. Most interviews lasted more than one hour to give the respondents sufficient time to expand on any matters that they chose. The researcher felt that the duration of the interviews really help in collecting enough data not just to achieve the research objectives but also to be used for the development of questionnaires since the respondents from the Councils were able to provide more information. The interviews were digitally recorded except for Council 4 where the respondents refused to be digitally recorded. The purpose of recording the interviews is to increase the accuracy of the data collected and ensure accurate transcription of the interviews. Furthermore, this allows the researcher to concentrate, be attentive to the respondents and able to use direct quotations from the respective respondents when writing up the findings.

The researcher ended the interviews with a “thank you” statement to acknowledge the time spent by the respondents during the interviews. According to Sarantakos (2005), interviews should end in a smooth and friendly atmosphere to appreciate the contribution given by respondents during the interview.

- c) **Post interview:** The researcher made a backup of recorded interview data into the computer as soon as possible because of fear of losing the data. This is vital especially for the interview that was not digitally recorded such as during the interview with Council 4. The notes written during the interview were quickly typed into the computer. As stated by Saunders et al. (2012), the need to create a full record of the interviews soon after their occurrence was identified as one of the means to control bias and produce reliable data for analysis. This step was essential for data analysis purpose.

4.7.3.2 Questionnaire Survey

Survey is the most widely used social science data collection technique in quantitative research (Saunders et al.; 2012; Bryman, 2012). An advantage of survey methodology is that it is relatively “unobtrusive and relatively easily administered and managed” (Bloomberg & Volpe, 2012, p. 121). In business and management research, questionnaires have been used widely within the survey strategy (Saunders et al., 2012). The researcher conducted questionnaire survey for data collection in a number of stages, whereby each stage is described as follows:

- a) **Designing the questionnaire:** In this study, the questionnaire was designed to achieve research objective 4 from *waqf* users’ perspective as mentioned in

Section 4.6.3. It was designed by first reviewing the literature on the issues of *waqf* beneficiaries in order to gain an understanding of the research problems. This was followed by analyzing the data gathered during the interviews with the Councils as *waqf* institutions. The data were then used in the questionnaire to collect empirical evidence from the communities who use and benefit from the *waqf* land development. Therefore, the following themes were identified and categorized to form the basic structure of the questionnaire:

Section A: Respondent Information

Section B: *Waqf* Benefits

Section C: Needs of the Respondent

Section D: Satisfaction of the Respondent

The designing of questionnaire can only be done after the researcher analyzed the interview data. The reason is that the researcher wanted to use the findings from the Councils' perspective about *waqf* benefits and the needs of the communities who use and benefit from *waqf* land development and test the variables to the quantitative respondents. At the end, the researcher tried to identify whether *waqf* land development implemented by the Councils has met the needs of the communities.

The designing of questionnaire begins with Section A, where the section provides the background information of the survey respondents. The demographic variables for this section are the respondent's location, gender, age group, education and monthly income range. Section B presents *waqf*

benefits that have been received by the respondents. Based on the results of the interview survey, the Councils have listed 8 types of benefits gained from *waqf* land development. They are: i. Mosque/*surau* facilities; ii. Educational and training facilities; iii. Health facilities; iv. Rental opportunities from *waqf* premises; v. Staying in *waqf* hostel/orphanage/premises/land; vi. Working in *waqf* premises; vii. Cemetery facilities; and viii. Book and the Quran. The researcher has used the information to measure *waqf* benefits received by the communities who use and benefit from the *waqf* land development.

Section C and Section D denote the needs of the respondents and their satisfaction towards *waqf* land development. Both sections provide the same 13 items which can be categorized into 3 factors: i. Roles of the Council; ii. Benefits from *Waqf* land development categories; and iii. Quality, convenience and comfort. Similar to Section A, the researcher designed the questionnaires based on the findings from the interviews. The items measured for both sections are presented in Table 4.5. The researcher provided the same items for both sections to match the needs and the satisfaction of the communities.

Table 4.5: List of Items Regarding Needs and Satisfaction of Communities

Codes for needs	Codes for satisfaction	Items
		Roles of the Council:
C1a	D1a	To inform clear information about <i>waqf</i> land development to be implemented
C1b	D1b	To take into account the communities' opinion about the best way to generate <i>waqf</i> benefits from <i>waqf</i> land development
C1c	D1c	To ensure that <i>waqf</i> land development gives benefits to communities
C1d	D1d	To give a continuous commitment to the management of <i>waqf</i> land development
		Benefits from <i>Waqf</i> land development (categories):
C2a	D2a	Education
C2b	D2b	Welfare
C2c	D2c	Health
C2d	D2d	Religion
C2e	D2e	Economy
		Quality, convenience and comfort:
C3a	D3a	Provide quality infrastructure
C3b	D3b	Provide quality facilities
C3c	D3c	Provide convenience to me
C3d	D3d	Provide comfort to me

The items were measured using Likert-type rating scale. According to Saunders et al. (2012), Likert scale allows respondents to indicate how strongly they agree with a statement. By using Likert scale, the reliability of the answers tends to be high, partly because of the greater range of answers permitted to respondents (Oppenheim 1992). Table 4.6 displays a representation of the Likert scale for the study.

Table 4.6: Representation of Likert Scale

	1	2	3	4	5
Needs of beneficiary	Not needed	Slightly needed	Fairly needed	Needed	Most needed
Beneficiary Satisfaction	Very dissatisfied	Dissatisfied	Neither	Satisfied	Very satisfied

The researcher developed the questionnaire and refined it through consultation with the researcher's supervisors. The questionnaire was then sent for pretest to two academicians: one is the faculty member of the University of Malaya and another one is the faculty member of the Islamic Science University of Malaysia. Both have research experience in *waqf* field. The questionnaire was also sent to an Islamic teacher who is also a caretaker of a *Tahfiz* School which is the *mawquh alayh* of the *waqf* land development in Terengganu. The pretest process was undertaken to ensure the validity of the questionnaire. Singh (2007, p.77) defines validity as the attempt to access a measure of a concept, that is, the extent to which the concept measures the thing it was designed to measure. After the pretest process, the input and suggestions from the experts were incorporated into the questionnaire. The questionnaire was written in Malay language since the respondents are mainly Malay Muslims and the Malay language is dominant.

- b) ***Piloting the questionnaire:*** The purpose of the pilot test is to refine the questionnaire so that the respondents will have no problems in answering the questions and there will be no problems in recording data (Saunders et al., 2012). In addition, it will enable the researcher to obtain some assessments of the questions' validity and the likely reliability of the data that will be collected. Preliminary analysis using the pilot test data can be undertaken to ensure that the data collected will enable the research questions to be answered.

The questionnaires then were sent to 30 respondents for pilot testing. The respondents for the pilot study were communities from social and economic sectors. Two mosques and ten shoplots in two Community Bazaars in Kajang and Bangi representing social and economic sectors of *waqf* land development were selected. The researcher administered the pilot study and checked each completed pilot questionnaire to ensure that the respondents have had no problems in understanding or answering questions, and have followed all instructions correctly. The results of the pilot test were acceptable whereby the respondents completed the surveys without any difficulties. On average, the respondents took 20 to 25 minutes to complete the survey, and the researcher took into consideration of the respondents' comments stating the need to rephrase some of the items to give the respondents a better understanding of the particular questions. The researcher reworded the items in the actual questionnaire with the help from the supervisors.

c) **Administering the questionnaire:** This study used self-administered questionnaire whereby the questionnaire was delivered to the respective respondents. Each respondent read and answered the same set of questions in a predetermined order. A copy of the questionnaire that was sent to the respondents can be found in the Appendix section. The researcher first identified the respondents. The researcher sent the questionnaire to various respondents based on the sampling as discussed in Section 4.7.2.2.

The survey was conducted from January 2017 to July 2017. All questionnaires were delivered by hand to the respective respondents. However, the researcher sought help from key respondents such as an officer in the financial institution and a caretaker of the *Tahfiz* school to distribute the questionnaire to their subordinates. Finally, the researcher obtained a total of 315 useable responses. Table 4.7 shows the breakdown of the total number of respondents.

Table 4.7: Total Number of Respondents for Questionnaire Survey

Categories	Premises	Total
Education	Tahfiz School	76
	<i>Al-Quran</i> and <i>Fardhu Ain</i> class (KAFA)	5
Religion	Mosque	67
	Orphanage	17
Health	<i>Waqf</i> Clinic and hemodialysis Centre	20
Housing	Public Residential Area	41
Business and Services	Offices	32
	Shoplots	57
Total		315

4.7.3.3 Documentary Secondary Data

After conducting face-to-face interviews with the respective Councils, the researcher took the opportunity to examine the official documents of the Councils as documentary

secondary data collection technique. According to Saunders et al. (2012), documentary secondary data can be used to assist in triangulation of findings based on primary data such as interview or questionnaire.

The researcher asked for permission and consent from the respective respondents from the Councils to provide any documentary secondary data that can support the current study. Documentary secondary data include written materials such as reports, minutes of meetings, press conference, articles, transcripts of speeches and administrative and public records. It can also be non-written materials such as video recording and pictures. For example, after the interviews, the researcher always looked out for a picture of the Council's organizational structure to verify the respondent's position and understand how *waqf* department is associated with the whole structure of the Council. It is important for the researcher to examine secondary data in the Council because some of the documents are only kept in the Council. For example, the researcher was able to get (Perak) *Waqf* Enactment 2015 which has just been launched when the researcher collected documentary secondary data at Perak Islamic Religious and Malay Custom Council (MAIPK) even though the enactment has not yet been distributed to the interested public. Table 4.8 presents a list of key information asked during the documentary secondary data collection for the study.

Table 4.8: A list of Information Asked for Documentary Secondary Data

Information Asked	Description
Policy documentations	This was to seek information on specific <i>shari'ah</i> on <i>waqf</i> such as the state's <i>waqf</i> enactment and fatwa
Distribution of <i>waqf</i> benefits	List of where and how much the Council allocates the <i>waqf</i> benefits
<i>Waqf</i> business model or <i>waqf</i> development model	This was to seek any written documentation on the successful <i>waqf</i> land development. This included the process or the used for the development.

4.8 Data Analysis

In order to understand the data collected, it is important for the researcher to perform the right procedures to analyze the data. In this study, content analysis of semi-structured interviews and statistical analysis of questionnaire survey were used. Each technique of data analysis is described in the following sections.

4.8.1 Semi-structured Interview

During the qualitative data analysis, the non-standardized and complex nature of data needs to be summarized, grouped or restructured as a narrative to support meaningful analysis (Saunders et al., 2012). In order to extract meaningful data from the interviews, the researcher performed several tasks as follows:

4.8.1.1 Transcribing Interview

After conducting 16 interviews, the researcher proceeded to transcribing process. In transcribing process the audio-recorded interviews were reproduced as a written (word-processed) account using the actual words (Bryman, 2012). Only 15 interviews had to be transcribed, whereas interview data with Council 4 were already typed-in as soon as the researcher came back from the interview (refer to page 107). The researcher used a free online software, <https://transcribe.wreally.com/> to transcribe all the interviews. This cost saving online transcribing software has features such as pausing, slow down, and speed up the audio which was able to help the researcher verify any words that need to be captured correctly. It also has a feature to timestamp the text so that the researcher can easily detect when any particular statement was recorded during the interview. Transcribing interviews is very time consuming. However, the researcher was able to finish the transcriptions within two months after all the interviews were done. As indicated by Saunders et al. (2012):

“the task of transcribing audio-recorded interviews is likely to be time consuming as you will need not only to record exactly what was said and by whom, but also to try to give an indication of the tone in which it was said and the participants’ non-verbal communications” (p.485).

Once all the interviews were transcribed, the researcher then used content analysis to analyze the transcribed data in order to extract meaning from the interviews.

4.8.1.2 Content Analysis of Semi-structured Interview

Content analysis is a research technique for making replicable and valid inferences from texts to the contexts of their use (Krippendorff, 2012). Traditional guides to research methods tend to insist that all scientific research tests hypotheses concerning whether or not patterns are evident in the data. Content analysis, however, has to address prior questions concerning why available texts came into being, what they mean and to whom, how they mediate between antecedent and consequent conditions, and, ultimately, whether they enable the researchers to select valid answers to questions concerning their contexts (Krippendorff, 2012). Hence, the logic of content analysis designs is justifiable not only according to accepted standards of scientific data processing, but also by reference to the context in relation to which texts must be analyzed as shown in Figure 4.5. From the figure, it can be noted that the researcher relied solely on available texts to answer a research question.

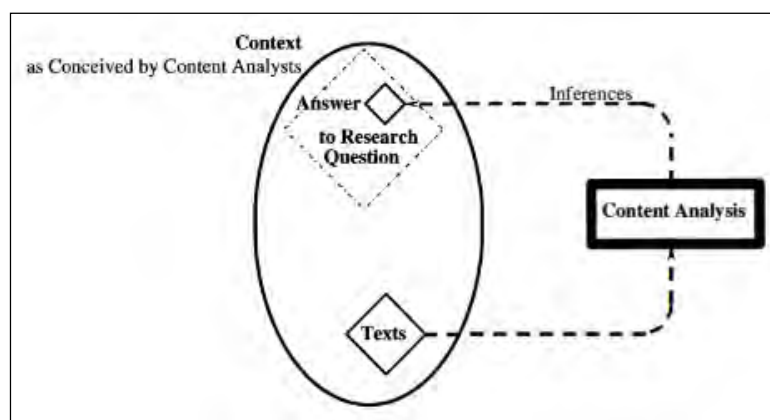


Figure 4.5: Answering Questions Concerning a Context of the Texts

Source: Krippendorff, (2012)

The researcher used Atlas.ti version 7, that is, qualitative data analysis software, to facilitate content analysis. After the transcribing process, each verbatim transcript including the notes taking from the interview with Council 4 was run into the software. The researcher then selected specific quotations and assigned codes to it. Literature on research methodology uses various terms for ‘codes’ as used in Atlas. ti. Some researchers called it ‘categories’ (Glaser and Strauss, 1967), ‘concepts’ (Strauss and Corbin, 1990) and ‘theme’ (Krippendorff, 2012). Therefore, in this study, the terms ‘code’ and ‘theme’ are used interchangeably. In qualitative analysis, themes are the key elements in the data. Themes can be built from the raw data (data-driven), the existing theory (theory-driven) or the research objectives and questions (structural) (Ryan & Bernard, 2003). Krippendorff (2012) points out that themes can be identified by using present and emergent categories. Present categories are identified from the literature review and are identified before the coding process. On the other hand, emergent categories appear from the data and the categories emerge after the researcher goes through the text. Further discussion on themes can be seen in the next subsection (Section 4.8.1.3). All the themes or codes were grouped and arranged in order to analyze and present the research data further through rebuilding and displaying the relationships between codes.

The objective of coding the interview data into themes is to bring meaning to the data. This was done exhaustively as there is a need to read and re-read the text to ensure that the data were categorized correctly. Overall, the researcher performed data analysis step by step to ensure that the research objectives can be achieved. This is supported by Hudaib and Haniffa (2009) who provide a step-by-step guide to data analysis process as in Figure 4.6. Once the process has been done, the researcher should be able to find ways to interpret the meaning and presenting the results.

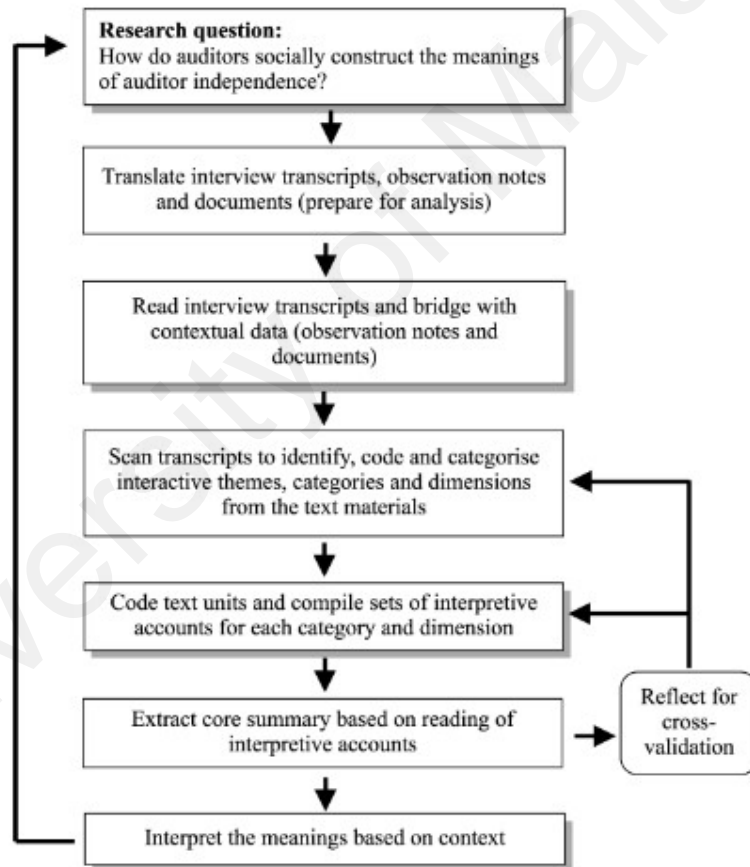


Figure 4.6: Interview Data Analysis Process

Source: Hudaib & Haniffa, (2009)

4.8.1.3 Themes of the Study

The following are the themes for the study which were organized into two categories; namely practices of social enterprise in *waqf* land development and social impact to the communities as presented in Table 4.9 and Table 4.10.

Table 4.9: Themes Regarding Practices of the Council in *Waqf* Land Development

Themes	Explanation
<i>Waqf</i> land development model	This is the basic model that has been practiced by the Councils when developing <i>waqf</i> lands
Policy practices	This explains the organizational structure and includes the need of the Councils as social enterprises to adhere to <i>shari'ah</i> principles, <i>fatwa</i> and laws.
<i>Waqf</i> financing	Emphasis given to the financing availability and practices for <i>waqf</i> land development.
Models from other countries	Emphasis given to how they can be embedded into the Malaysian context from <i>waqf</i> institutions' perspective.
Strengths and weaknesses	This explains the Councils' strengths and weaknesses not only when developing <i>waqf</i> lands, but also as social enterprises.
Perceived successful factors	This identifies perceived factors that contribute to the Councils' success as social enterprises.

Table 4.9 indicates themes for the Councils' practices when developing *waqf* lands. The four themes were extracted from previous literature as discussed in Chapter 2 whereby the researcher categorized them as follows:

- i. *Waqf* land development model - Each Council has its own ways of developing *waqf* lands as can be seen in section 2.10 of the thesis. It is very important to look at the development model as it can shed some ideas on the Councils' business model in developing *waqf* lands.
- ii. Policy practices - In line with this theme, the researcher collected quotes pertaining the Councils' organizational structure, the law that the Councils adhere to including *fatwa* on *waqf*.
- iii. *Waqf* financing - This is an important variable in *waqf* land development. Previous literature has highlighted the problem with *waqf* financing such as

discussed in section 2.9, page 42. The researcher collected quotes pertaining the financing availability and practices both from internal and external funds for *waqf* land development.

- iv. Models in other countries - The researcher collected quotes pertaining to the development models proposed and implemented in other countries from respondents' perspective. The objective is to identify how the outside development models can be applied in the Malaysian context.
- v. Strengths and weaknesses - Previous studies have shown many weaknesses of *waqf* trustees and very few highlighted the strengths of particular *waqf* trustees in developing *waqf* lands. The researcher collected quotes describing the strengths of the Councils as well as their weaknesses in developing *waqf* lands and when functioning as social enterprises.
- vi. Perceived successful factors - The researcher sought to identify perceived factors that contribute to the Councils' success as social enterprises based on their practices of *waqf* land development.

Table 4.10 presents the theme for the trustees to answer the research questions pertaining to the communities who use and benefit from *waqf* land development. The researcher collected quotes relating to the benefits received by the communities from the Council's perspective. In light of this theme, the researcher was interested to know to what extent the Councils foresee the needs of the communities before embarking on any *waqf* land developments as well as their satisfaction.

Table 4.10: Themes Regarding Social Impact to the Communities

Themes	Explanation
Benefits received	This illustrates the social and economic benefits received by the communities from <i>waqf</i> land development.
Communities' need	This illustrates to what extent the Councils foresee the needs of the communities from <i>waqf</i> land development.
Community satisfaction	This illustrates to what extent the Councils foresee community satisfaction towards <i>waqf</i> land development.

4.8.2 Statistical Analysis of Questionnaire Survey

The questionnaires were numerated and coded parallel to the respondents once the researcher received the questionnaires. This was easier for the researcher since most of the questionnaires were administered by the researcher herself. The data from the questionnaires were later keyed into a statistic software for further analysis. The researcher used IBM SPSS Statistical Version 20 as a medium to conduct the analysis. The researcher built a codebook that describes each dependent and independent variable in the analysis. A group of statistical tests was utilized in order to analyze the data received for this study.

The researcher analyzed quantitative data in two parts. First, descriptive statistics were conducted to gain the background information of the respondents and second, the dependent variables namely the needs and satisfaction of the respondent were analyzed individually. In the second part of the analysis, several tests were conducted. First, Exploratory Factor Analysis (EFA) was performed to identify how many factors exist among a set of variables. EFA helps researchers to check if the items measure what they intend to measure. According to Thompson (2004), EFA can be used to inform evaluations of score validity. EFA can also provide a means of explaining variation among items using a few newly created variables (Suhr, 2006). Secondly, reliability

tests were conducted to test the consistency of the data. A consistency check, commonly expressed in terms of Cronbach's Alpha was used in the study to test the consistency of the variables on a summated scale. Hair et al. (1998) stress that a Cronbach's Alpha value above 0.70 represents 'acceptable' reliability; above 0.80 is 'good', and above 0.90 indicates 'excellent' reliability. Third, the researcher analyzed the mean value for each item. Analysis of variance (ANOVA) was used to measure the differences in the mean values of the respondents' needs and satisfaction. Lastly, the researcher tested a hypothesis to measure whether the needs of the respondents have been met. A paired sample t-test was used to detect the differences between the means of needs and the means of satisfaction. Hence, the hypothesis is as follows:

There is no statistically significant difference between the needs of the communities and their satisfaction towards *waqf* land development.

The details of the data analyses and the outcomes of the study are presented in Chapter 6.

4.9 Conclusion

This chapter has discussed the research methodology used in this study. "Nested methodology" was used to guide the research methodology which integrates research philosophy, research approach, and research technique. Pragmatism is the research stand of the researcher and this has been discussed thoroughly in this chapter. A mixed methods approach has been adopted for this study. However, qualitative approach is more dominant where it has been employed to meet the research objectives. The results of the qualitative research were used to construct the questionnaire. The quantitative approach then answered the research questions posed under the second objective of the study.

CHAPTER 5: ANALYSIS AND RESULTS (PART 1)

5.1 Introduction

The aim of the current chapter is to discuss the overall responses to the semi-structured interview survey. The analysis and discussion of the findings are presented on a section-by-section basis in accordance with the research objectives and research questions of the study.

The second section accords with the first research objective of the study. It provides a discussion of the current *waqf* land development models, policy practices, and *waqf* financing of the Councils. The third section elaborates the results of the organizational strengths and weaknesses of the Councils as social enterprises in developing *waqf* lands in Malaysia based on the second research objective. The fourth section presents the results and discussion of perceived factors of the current *waqf* land development models that contribute to the Councils' success as social enterprises. Lastly, a conclusion of the chapter is provided.

5.2 Current *Waqf* Land Development Models (RO1).

In Malaysia, there are 14 Councils, one in every state. *Waqf* managements fall into different units or divisions and their tasks are as follows:

Table 5.1: *Waqf* Management in Malaysia

Unit or Division	Task
<i>Waqf</i> Section	Responsible for <i>waqf</i> registrations and decision on <i>waqf</i> land development. Some Councils only have this unit as a <i>waqf management unit</i> . If so, the unit is responsible to develop <i>waqf</i> lands.
<i>Waqf</i> Corporation	This is a separate entity under the Councils which is responsible for all <i>waqf</i> matters. This is a corporate style organization with the objective to increase efficiency in the management of <i>waqf</i> properties. Only Council 5 and Council 12 established this separate entity.
Baitulmal	<i>Waqf</i> managements are put together with <i>zakat</i> managements under this unit. Council 10 and Council 11 manage their <i>waqf</i> in this unit.
Investment and Development Section	This unit manages all the development processes for <i>waqf</i> lands. However, the decision will come from the <i>Waqf</i> Section.

The results and discussion of findings related to research objective 1 (RO1) are presented in the following sections.

5.2.1 Current *Waqf* Land Development Models (RQ1a)

The interviews reveal that all 14 Councils have the policy practices to obey the laws governing *waqf* lands in administrating and managing *waqf* lands . The laws that they need to be adhered to are:

- i. The national and state laws such as the National Land Code 1965, Administration of Muslim Law Enactments, and *Waqf* Enactments;
- ii. Islamic laws (*shari'ah*); and
- iii. The ruling of Islamic law imposed by a recognized authority (*fatwa*).

These three laws were already mentioned in the literature review, section 2.8 on page 37. Council 2 gave an example of the importance of *fatwa* in *waqf* land administration by saying:

“We are seeking views from the fatwa. It is not for a lump sum case, but we go for one by one. For example, if we want to extend building with a

mosque, we will go for fatwa decision whether it is applicable or not.” - Council 2

These laws will be strictly adhered to by all Councils in developing *waqf* lands. However, due to a lack of data from the interviews, the researcher suggests a future study to look at the effect of the three laws that governing the administrating of *waqf* land to the function of the Councils in becoming the social enterprises.

Waqf land development in all 14 Councils is implemented through collaboration either with the Federal Government (JAWHAR and YWM), State Government, or Government-Linked Company (GLC). There is no specific business model or *waqf* land development model being designed by the Councils for every *waqf* land development in the states. Council 4 revealed that it does not have any development model since most of the size of *waqf* lands handled are so small and thus not suitable to be developed.

Before any development can be made on a *waqf* land, the Councils need to comply with the donor's intention as stipulated in the *waqf* deed or in the Councils' record, for example like the two Councils said:

“First, we depend on the trust deeds. That's the main point of our reference on purpose of waqf” - Council 9

“So far we are depending on the intention from the waqf itself. If the waqf is meant for specific waqf or general waqf, we will follow the intention from the donor or the founder” - Council 14

Based on content analysis of the interviews, three themes related to *waqf* land development model were identified, which are development practices, *waqf* financing, and *waqf* income from the development as presented in Figure 5.1. The theme indicating *waqf* financing has been pre-determined by the researcher before the

interviews. The theme appeared mostly when discussing *waqf* land development model.

The three themes are discussed below.

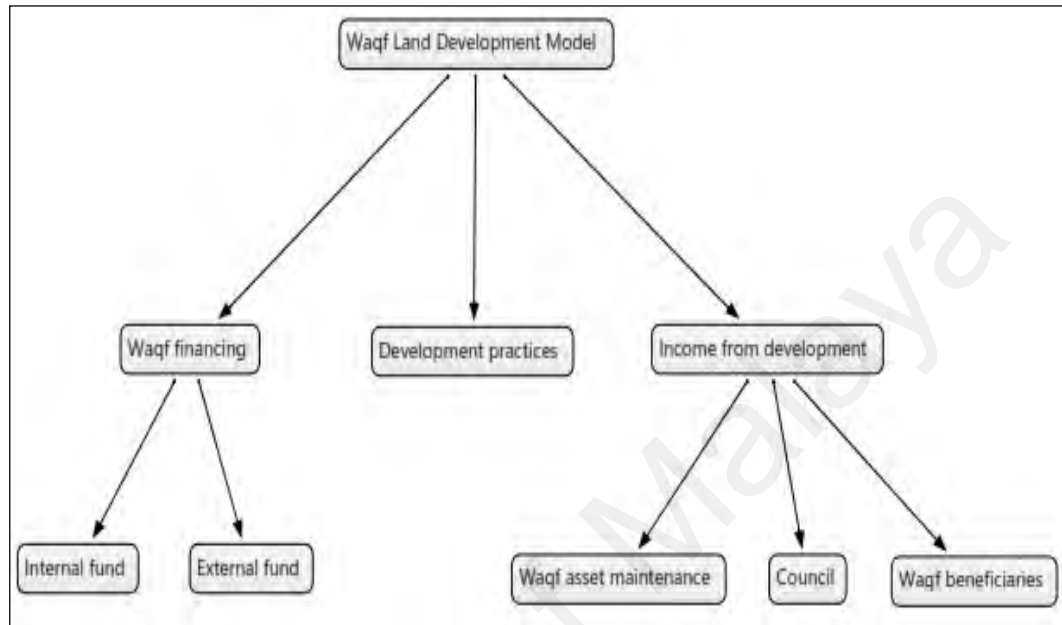


Figure 5.1: Themes Related to *Waqf* Land Development Model.

5.2.1.1 Development Practices

The interviews reveal that *waqf* land development practices vary among the Councils. Council 1 will identify the development project first and then announce it in its *e-waqf* website to seek funding from the public not just locally but also globally using their *waqf* shares. Once its *waqf* shares reach one hundred percent of the targeted financing for the project, the *waqf* shares for that particular development project will be closed. The development work will then be carried out. Council 2 only leases their *waqf* lands for a maximum of 99 years and let the developers operate the property after the development. Whereas for Council 3, 92% of their *waqf* lands are specific *waqf* mostly meant for the cemetery. Council 3 emphasized that its *waqf* lands do not need to be developed. As the respondent further said:

“If JAWHAR ask about our waqf lands, we will say those lands (cemetery) has been developed. If there is a jenazah (corpse) in it, we consider it as developed since the land has been benefited. There is no need for us to say it needed a building since cemetery on the earlier basis cannot have a building. Cemetery land cannot be developed with a building.” - Council 3

Council 4 revealed that it does not have any development model since most of its *waqf* lands are less than one acre in size. There is no new *waqf* land development. In order to provide maximization of benefits from the *waqf* lands, some of the *waqf* lands will be *istibdal* (refer to section 2.7.1.v on page 32). The proceeds from the *istibdal* will be used to purchase new lands and those previous *waqf* will be transferred to this lands. However, Council 4 said that as a practice, normally it will lease the *waqf* lands for agricultural activities such as planting lemon grass and limes. Council 5 also faced the same obstacle like Council 4 as the respondent said:

“We have 65 lots of waqf lands, including community bazaars. Mostly the lands are less than one acre and vacant. Lands are mostly in rural areas in the forest and not worth to be developed. We only focus on waqf collection (cash waqf) and asset purchased.” - Council 5

For Council 6, the *waqf* land development projects are based on the location of the *waqf* land. If the land is in an urban area, shop lots are preferable. If it is in rural area with less economic activities, a social complex or training centre is the best development for the *waqf* land. For Council 7, 6.07% of its *waqf* lands are general *waqf*. Most of the general *waqf* lands have been developed as commercial building, hotel and community bazaars. If there is a general *waqf* land which is still vacant, the Council will lease it to an individual or company to use the land for business. According to the respondents, Council 7 will consider the *waqf* land as being developed if the land can provide benefits to others for instance leasing the land for car wash. Up to date, the Council has three driving schools operating on its *waqf* lands.

Council 8 said that it does not have any specific development model, but one standard operating procedure (SOP) to be followed for any *waqf* land development. The *Waqf* Section will enquire into the to-be-developed *waqf* lands. If the Council needs a documentation or full feasibility study report on the particular to-be-developed *waqf* lands, a consultant will be hired. However, it will refer back to the State Economic Planning Unit (UPEN) or Implementation Coordination Unit (ICU) for any development plans. In 2016, the Council only has 15 lots with the total of 72.48 hectares *waqf* lands that need to be developed.

Council 9, however, disagreed with the idea to create SOP for *waqf* land development. The respondent explained that:

“We need to be creative. Some matters like asset management, we can make its SOP, because it is very straightforward, but for land development matters, we can’t. Sometimes we need to make this decision, but another time, we might decide something else. It varies from time to time” - Council 9

The respondent added that Council 9 will always uphold the donor’s intention when deciding on the development of *waqf* lands. For example, there is one *waqf* land where the donor has stipulated seven beneficiaries to receive some income from the *waqf* land. Hence, the Council needs to think about how to generate some income from the *waqf*. At the end, a joint venture project with a private developer took place with the terms decided by the Council.

Council 10 received *waqf* lands from individuals, developer companies and some cases from non Muslims. Most *waqf* lands are specific *waqf* meant for *surau* (small mosque), mosque, school and cemetery. The specific *waqf* lands represent 99.64% from the total size of *waqf* lands in the state. In practice, when a piece of land has been created as *waqf*, for example for a *surau*, there will be at least half development done on

the piece of the land. The donor has built it using his own expenses. The rest of the development will also depend on the donor or the nearby community. However, the respondent said that there is no development done so far on any general *waqf* lands.

Council 11 also has a vast number of specific *waqf*, which mostly are not registered with the Council since the *waqf* lands have been created long before the establishment of the Council. In the state where Muslims are the minority, *waqf* lands mostly focus on religious purposes such as for the construction of mosques, *surau* and Muslim cemetery. There are a few general *waqf* lands, scattered and small in size. Council 11 emphasized that for every new *waqf* creation, it will advise the potential donor to create a general *waqf*. The respondent gave an example:

“When you said the waqf is for tahfiz(memorized the Quran) school, you must have a license to open one. Some requirement, you cannot open and operate a tahfiz school at home. One more thing, if nobody registered under your school, you will get nothing. Why don’t you just put for religious purposes? That is more advance since if you cannot make it as a tahfiz school, you can always make it for other things like ‘mengaji’ (reciting the Quran) or even a tuition class. It will still give benefits to people.” - Council 11

Council 11 has one commercial development on their general *waqf* land. However, the Council was not involved in the development of the *waqf* since it was handed over to the Council after completion. The development was completed in May 2010 with a funding of RM 6 million from a corporate body. From the fund, RM 5 million were used to cover the construction cost and another RM 1 million to start the operation of the building. The *waqf* complex consists of various sections such as food court, shop lots, a fast food restaurant, prayer room and recreational area. The donor required the Council to distribute the income from the *waqf* to the orphanages and mosques.

The respondent from Council 12 said that before any development on *waqf* land can be made, a planning permission need to be done. This planning permission will be sent to the local authority (PBT) and need to adhere all PBT's guidelines and rules. Once the PBT has agreed with the plan, only then the *waqf* land development can proceed. However, most of the *waqf* developments are for religious purposes since 90% of *waqf* lands in the state are specific *waqf* lands. Nevertheless, Council 12 has established a *waqf* corporation in 2011 to manage issues related to *waqf* administration. With this establishment, the *waqf* corporation has the power to collect revenues from the *waqf* property development and any *waqf* related products.

Council 13 said that since 2010, its *waqf* lands are mostly financed by the federal government and the State Economic Planning Unit (UPEN). As a practice, the Council provides *waqf* lands for development usually by taking a joint venture project. The *waqf* lands are being leased for some period and after the lease term ended, the land should be returned back to the Council. There are also development projects where the *waqf* properties are handed over to the Council to be operated after the development. These development projects are usually funded by the federal government.

Council 14 does not have a specific development model for its *waqf* lands. The first step after the *waqf* land development has been identified, the plan will be presented to the Investment and Development Committee Meeting for decision making. The decision will then be brought to the Council's Meeting, which is the top meeting in the Council. The members of the meeting will decide further on the development plan. As a practice, the Council would prefer if there is any third party who would like to collaborate with it in developing the *waqf* land. The Council will lease the land with certain Islamic contract, and the funder will operate the building until the end of the lease term.

In summary, even though *waqf* land development practices vary among the Councils, findings have revealed that leasing and developing *waqf* lands based on the types of *waqf* are the most practiced for *waqf* land development. Leasing *waqf* land for 99 years or on a certain period based on the contract with the developer helps in developing *waqf* lands in Malaysia. However, leasing can only be done if the *waqf* lands are general *waqf* since the Councils are free to do whatever they want as long it gives benefits to the beneficiaries and the action is not against any *shari'ah* principle. Hence, general *waqf* lands give more flexibility to the Councils in determining how to develop the *waqf* lands. The researcher suggested that the Councils spread awareness to the potential donor to create general *waqf* instead of specific *waqf*.

The Councils have also shown that they are social enterprises when they pursue the dual missions for financial sustainability and social purpose in developing *waqf* lands. The researcher was very impressed with some of the *waqf* land development practices such as by Council 1, Council 6, Council 9 and Council 11. The researcher opined that the rest of the Councils should follow the successful *waqf* land development models employed by the aforementioned states since there are still many *waqf* lands that remain idle and undeveloped. Since *waqf* is a state matter, it is the responsibility of each Council to be more proactive in developing *waqf* lands. However, the researcher also felt that the high percentage of undeveloped *waqf* lands as reported previously (see problem statement in section 1.2) have not truly reflected what happened in the field. The findings show that some of the states such as Council 3, Council 10 and Council 11 have a high number of specific *waqf* lands. The researcher agreed with the comments made by the respondent from Council 3 that the *waqf* lands for cemeteries need not to be developed. The statistics of *waqf* land published in 2016 by YWM has not differentiated cemetery *waqf* lands from other specific *waqf* lands. Hence, future

statistics report should also take this issue seriously as not to misreport the number of undeveloped *waqf* lands in Malaysia. In this regard, the researcher also agreed with Rashid (2014), where he proposed that all Muslim countries should do a complete survey on *waqf* lands to know the current status of *waqf* lands.

5.2.1.2 *Waqf* Financing

The second theme in *waqf* land development model is *waqf* financing. Financing for *waqf* land development can be achieved in two ways namely, from internal funds and external funds as shown in Figure 5.2. Internal funding refers to the funds channelled from the Councils for the purpose of *waqf* land development projects. *Waqf* financing is very important to make sure that all developments can be executed as planned. Council 6 was very concerned with *waqf* financing scenario such as stated in the following comment:

“If we do not have money, the development plan cannot be executed. We hope that when the plan was made and brought to the Economic Planning Unit, the government will finance the waqf land development. But in this current situation, where the government budget has been cut, getting funding for the development is very hard.” - Council 6

The interviews reveal that there are four sources of internal funding for *waqf* land development. First is cash collection. Cash collection implies the cash that the Councils receive from the third parties or individuals and comes from various sources such as cash *waqf*, *wakaf kaki*(per square feet *waqf*), salary deduction, *waqf* fund, *waqf* share and *waqf* scheme. The interviews also reveal that there are various ways for the Councils to collect cash for *waqf* land development as presented in Table 5.2. Cash *waqf* is the most popular instrument for the Councils to fund *waqf* land development. All Councils except Council 1, Council 2, Council 4 and Council 11 said that they collect cash *waqf* as an internal fund for *waqf* land development.

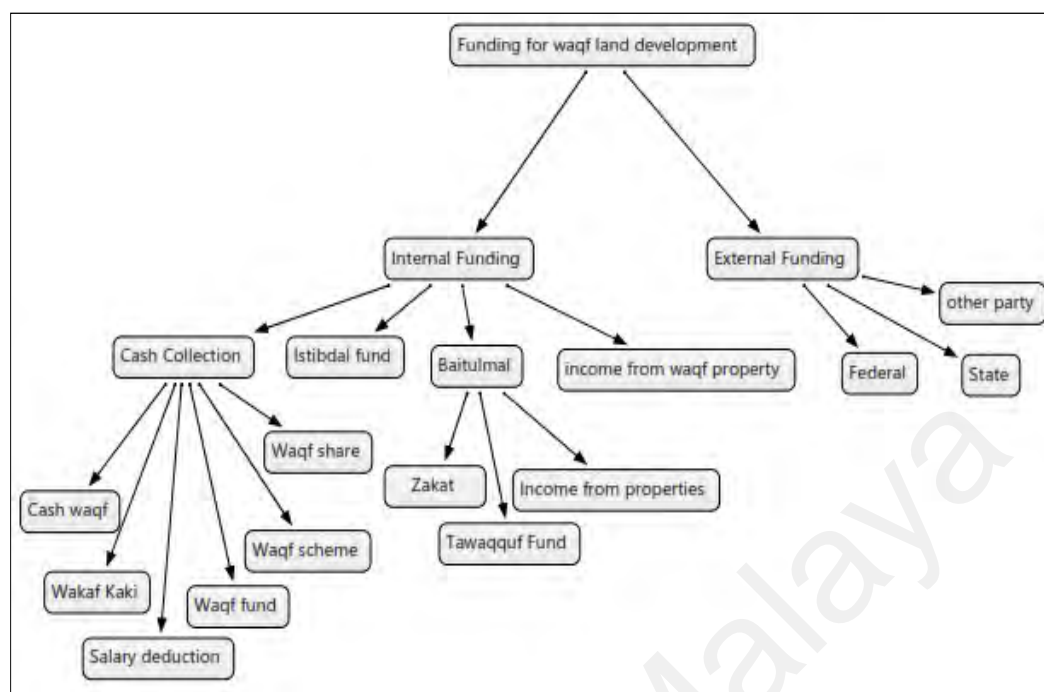


Figure 5.2: Sources of Funding for *Waqf* Land Development.

Cash *waqf* is defined as:

“The confinement of an amount of money/cash from the founder and the dedication of its usufruct, according to founder’s condition(s), in perpetuity to the welfare of the society” (Mohsin, 2009; p.40).

Table 5.2: Cash Collection for *Waqf* Land Development

Council	Collection	Council	Collection
1	<i>waqf</i> share	8	cash <i>waqf</i>
2	<i>wakaf kaki</i> , <i>waqf</i> fund	9	cash <i>waqf</i>
3	cash <i>waqf</i>	10	cash <i>waqf</i>
4	<i>waqf</i> share	11	<i>waqf</i> scheme, salary deduction
5	cash <i>waqf</i> , salary deduction	12	cash <i>waqf</i>
6	cash <i>waqf</i> , <i>waqf</i> share, salary deduction	13	cash <i>waqf</i> , <i>wakaf kaki</i>
7	cash <i>waqf</i> , <i>waqf</i> scheme, <i>waqf</i> share	14	<i>waqf</i> fund, cash <i>waqf</i>

Waqf Share is a scheme where the donor buys some amount of shares at a certain price per unit. For example, Council 1 provides *waqf* share at RM10 per unit. The donor buys the share and then *waqf* the share to the Council for the purpose of benefiting other Muslims. The first *waqf* share in Council 1 was launched in 1994. It was successful

since by the end of 1995, Council 1 was able to collect RM 6 million. The fund was used for *waqf* land development where the Council built a six storey building which nowadays functions as a hemodialysis centre. Every year, the *waqf* share collection contributes at least RM 20 thousands to Council 1. Council 1 has moved a step ahead other Councils when it pioneered e-*waqf* as a medium to promote its *waqf* land development and at the same time collect funds as *waqf* shares. The way e-*waqf* operated was previously discussed in section 5.2.1.1 on page 127. From 2010 to 2015, Council 1 succeeded in collecting RM 45 million from 34,230 donors through e-*waqf*. The same e-*waqf* system was purchased by other Councils such as Council 6 and Council 7 to help raise their *waqf* share collection. As Council 6 revealed:

“Since we have been using the system (e-waqf), we able to collect RM 223 thousand in just 6 months where usually this amount took two years to achieve.” - Council 6

Wakaf Kaki (per square feet *waqf*) refers to the cash *waqf* collection where the potential donor buys their *waqf* share through purchasing a square foot of *waqf* land that is in the process to be developed at a price approved by the Council. *Wakaf Kaki* is being implemented by Council 2 and Council 13. Whereas, *waqf* fund is used by Council 2 and Council 14 for cash collection. However, the term *waqf* fund is different for both Councils. Council 2 used the term for the cash collected from the public, but the cash is not yet considered as *waqf*. A *Mufti* (a Muslim legal expert who is empowered to give rulings on religious matters) of Council 2 has decided the term ‘cash *waqf*’ cannot be used since *waqf* needs to be perpetual. It needs to be transformed to physical assets to be called as *waqf*. As the respondent said:

“The objective is the same like other cash waqf, but we need to clarify the method and the hukum (islamic law)” - Council 2

Whereas, Council 14 defined *waqf* fund as the income gathered from its *waqf* properties such as rental. The income from *waqf* properties will be discussed later in this section. Basically, the fund is being used to finance *waqf* land development.

Salary deduction is one of the ways for the Councils to collect cash for *waqf*. It is implemented by Council 5, Council 6 and Council 11. A potential donor will fill a form to allow a certain amount to be deducted from his salary every month. Council 6 claimed that it is able to allow the public to apply for salary deduction through e-*waqf* which cannot be done in Council 1's e-*waqf* system. Nevertheless, Council 11 imposes compulsory salary deductions to all Muslims who work in the state. The salary deduction of RM 1, RM 2 and RM 4 each is based on the individual salary.

Waqf scheme is another term for cash collection where the Council is able to collect both cash *waqf* and *waqf* shares for *waqf* development. The term has been used by Council 7 when it introduced their *waqf* scheme in 2016. As of April 2018, its *waqf* scheme collections can be presented as in Table 5.3.

Table 5.3: *Waqf* Scheme Collection of Council 7

<i>Waqf</i> Projects	Targeted Collection (RM)	Total Collection (RM)	Percentage (%)
Cash	unlimited	4,334,234.04	-
Hostel	15,000,000.00	5,309,434.10	35.40
<i>Mumtaz</i> program	10,000,000.00	81,189.42	0.81
<i>Waqf</i> Business Centre	20,000,000.00	252,000.19	1.26
Hemodialysis Centre	10,000,000.00	253,611.80	2.54
<i>Al-Quran</i> Knowledge Development	5,000,000.00	306,617.93	6.13
Boat <i>Waqf</i>	5,000,000.00	51,747.26	1.03
<i>Maahad Tahfiz</i> Development Fund	unlimited	85,331.00	-
Total current collection		10,674,165.74	

Source: Council 7, (2018)

Table 5.3 shows the total *waqf* scheme collection of Council 7 for two years since its launching in April 2016. The rest of the collections are *waqf* shares based on the

individual *waqf* land development project except for Mumtaz program, *Al-Quran* knowledge development, and boat *waqf*. Collection for *Maahad Tahfiz* (school to memorize *Al-Quran*) can aim for either developing new *waqf* lands or maintaining and developing current schools. Some of the collections are quite slow where in two years, it can only accumulate 0.81% of the total fund needed to proceed with the program. In order to speed up, especially for the development of *waqf* lands, Council 7 has adopted Council 1's *e-waqf* system to collect cash.

Council 11 offers *Waqf Organizing Scheme (Skim Penganjuran Wakaf)* where the Council will give license to the committee of a mosque or *surau* to collect cash *waqf* from the public to raise funding for its development. Some *surau* have some extra land to expand but they do not have fund to do so. The Council will allow them to collect *Waqf Organizing Scheme* from the public. The Council will provide coupon receipts and help to promote the activities. However, the committee needs to sell the coupon themselves. The cash *waqf* will go directly to the committee's account which is registered with the Council. The receipt has the account number and the purpose of the *waqf* collection. It comes in three copies, each to the Council, the committee and the donor of the cash *waqf*. The Council will do some auditing from time to time to make sure that the collection activities go in accordance with the Council's rules.

The second internal funding for *waqf* land development is *Istibdal* Fund. *Istibdal* activities are common among the Councils. The definition of *istibdal* has been discussed in section 2.7.1.v. on page 32. Meanwhile, the rules of *istibdal* can be found in section 2.9 on page 44. The respondent from Council 3 said that the money from *istibdal* activities is invested as fixed deposit if the fund is not being used. It is also able to borrow from *istibdal* fund to finance *waqf* development. Council 12 practices *istibdal* to

make sure that idle *waqf* lands can be developed. Council 12 practices *istibdal* for six of its *waqf* lands. The reason it *istibdal* *waqf* lands is because the lands are small in size and there is no access to them. According to the respondent from Council 12, after the sale of *waqf* land for *istibdal*, the Council will buy a new land which is at the same value as the previous one. There is also a case where the *waqf* land shares the same land title with the rest of the donor's siblings. The Council offers the siblings to buy the land at the current market price. The proceeds from the sale will be considered as an *istibdal*, and the Council must replace it with a new *waqf* land.

The third internal funding is from Baitulmal. One of the functions of Baitulmal is to manage *zakat* collection and its distribution. Baitulmal has long cooperated with the Council in developing *waqf* lands. There are various ways by which Baitulmal assists in *waqf* land development as follows:

- i. It is through their *zakat* collection. Any *waqf* land development that falls into any of 8 *asnaf* categories is allowed to use funds from *zakat*. For example, in Council 2, *zakat* has been used to finance a *Muallaf* (a person who recently embraced Islam) Training Centre, which is one of the *waqf* land developments in the state. Council 9 uses *zakat* to finance housing projects for the urban poor, and Council 11 uses *fisabilillah* (strives in the cause of Allah S.W.T for the betterment of the community) category to finance a dining hall for a school;
- ii. Baitulmal helps by lending *zakat* fund to finance *waqf* land development that has not fallen into the 8 *asnaf* categories. Council 1 borrows *zakat* fund to finance some of the construction costs for its *waqf* land development before the collection of the *waqf* shares for that particular *waqf* reaches one hundred percent. Once the *waqf* shares meet the targeted amount, Council 1 will pay back the *zakat* fund that it has borrowed from the Baitulmal;

- iii. Baitulmal helps by purchasing properties and later on will get back the money after the properties have been successfully converted to *waqf*. For example, Council 6 uses *zakat* fund to purchase an apartment building for Malaysian students in Egypt. This RM 12 million *waqf* project will then be promoted in e-*waqf* for *waqf* shares from the public. Once the *waqf* shares reach the targeted amount, Council 6 will return back the *zakat* fund to Baitulmal;
- iv. In Council 9, the Baitulmal has a unique fund, which is called as *Tawaqquf* Fund. *Tawaqquf* fund is the *zakat* fund that has not yet been distributed in the current year. Council 9 has become the only state that has such fund in Malaysia. *Waqf* department can temporarily use the fund for *waqf* matters and replace it later on.
- v. Baitulmal helps *waqf* land development by providing properties that can generate income. Council 6 said that it uses this method to finance *waqf* lands. It has 11 thousand acres of rubber and palm oil plantation from Baitulmal land managed on its own. The income from the business is used for various investments such as purchasing petrol stations, running their own supermarkets, and last but not least, financing and maintaining *waqf* properties. In this regard, Council 6 claimed that it is not dependant on funding from the state and the federal government for *waqf* land development.

The fourth internal funding can be referred to the income from *waqf* properties. Council 14 defined internal funding as *waqf* fund. The interviews reveal that the income from *waqf* properties can be earned in the form of leasing and rental. The income will be used to maintain the *waqf* itself, for the beneficiaries, and to finance other *waqf* land development. All Councils said that they use rental income from *waqf* properties to maintain the *waqf* and for the benefits of beneficiaries such as mosques and *surau*.

Council 5 said that it allocates 30% of the rental income to their *waqf* scheme, whereas, Council 9 allocates 20% of the rental income for future investment and development of *the waqf*. However, Council 8 emphasized that sometimes the income from rental is not sufficient to cover the maintenance of the *waqf* itself as the respondent commented:

“At one time, we are faced with a problem where the storm hit our bazaar and fly all the roof. We need to find another source of income to replace it. The rental income are not enough to cover.” - Council 8

There are three sources of external funding for *waqf* land development. The first is from the Federal government. The fund from the federal government is channelled through JAWHAR and YWM. The famous *waqf* land development projects done by JAWHAR and YWM are hotels and community bazaar which bring about the economic values. The Council will provide a *waqf* land for development, and the federal agencies will implement the project using the budget allocated from the Malaysian Plan. After the development has been completed, the *waqf* property will be handed over to the Council for its operation.

As of December 2015, since the establishment of JAWHAR in 2004, they have implemented 14 *waqf* land developments in Malaysia with the total cost of RM 270.24 million. On the other hand, YWM has implemented 70 projects to build community bazaars in every state except in Council 11 with the total cost of RM 20.61 million. Currently, there are 282 units of community bazaars being operated by the Councils. Table 5.4 represents *waqf* land developments in Malaysia funded by the federal government.

Table 5.4: Federal Contribution for *Waqf* Land Development as of Dec 2015

Council	Projects	No of project	Total cost RM (million)	Implementer
1	Dialysis centre	1	8.00	JAWHAR
	Women protection centre	1	10.00	JAWHAR
	Community Bazaar (32 units)	7	1.95	YWM
2	Orphanage	1	2.08	JAWHAR
	Community Bazaar (32 units)	9	1.65	YWM
3	Orphanage	1	1.50	JAWHAR
	Community Bazaar (21 units)	4	1.46	YWM
4	Hotel	1	25.60	JAWHAR
	Community Bazaar (11 units)	3	0.62	YWM
5	Hotel	1	35.00	JAWHAR
	Islamic complex	1	7.76	JAWHAR
	Community Bazaar (17 units)	3	0.82	YWM
	<i>Waqf</i> Mart	3	0.90	YWM
6	Community Bazaar (42 units)	8	2.26	YWM
7	Commerce space building	1	1.60	JAWHAR
	Hotel	1	19.00	JAWHAR
	Community Bazaar (28 units)	5	1.70	YWM
8	<i>Waqf</i> complex	1	4.00	JAWHAR
	Community Bazaar (27 units)	6	1.35	YWM
9	Student hostel	1	41.00	JAWHAR
	Housing	2	64.72	JAWHAR
	Community Bazaar (20 units)	4	0.80	YWM
10	Community Bazaar (17 units)	4	1.02	YWM
11	No funding from federal			
12	Community Bazaar (24 units)	5	0.90	YWM
13	Hotel	1	41.68	JAWHAR
	Student hostel	1	8.30	JAWHAR
	Community Bazaar (8 units)	2	3.48	YWM
14	HIV/Aids Cure Centre	1	20.66	Council, JAKIM, JKR
	Community Bazaar (3 units)	1	0.20	YWM
	<i>Waqf</i> Shop (10 units)	6	1.5	YWM

Source: Interviews and YWM, (2016)

The second external funding comes from the State government. Only a few Councils said that they have received funding from the state. Table 5.5 shows that the *waqf* land development projects are being funded by the state. Council 2 and Council 4 claimed that the state government only provides the Council with the management budget. There is no budget for *waqf* land development from the state. However, Council 9 stated that it has received some allocation from the state, but it can only cover the operation of mosques and *surau*. They still have to depend on other sources such as funding from the federal government and cash *waqf* for the rest of the *waqf* land development.

Table 5.5: State Contribution for *Waqf* Land Development as of Dec 2015

Council	Projects	No of project	Total cost RM (million)
9	Mosque	12	Not available
12	Mosque	1	25.00
13	Bazaar	1	Not available
	2 Storey bungalow	1	Not available
	Kiosk (6 units)	1	Not available

Source: Interviews and YWM, (2016)

The third source of external funding comes from third parties such as private developers. Council 9 and Council 14 said that they use external funding for their *waqf* land development through capital sharing, loans or collaboration with other parties such as GLC or private developers. Both Councils said that they only provide *waqf* lands to the other party to develop. A hundred percent of the total expenses for the development come from the third party. Both Council 9 and Council 14 highlighted that their *waqf* land development project in collaboration with other parties is a joint venture project with long lease and built-operate-transfer (BOT) agreement.

5.2.1.3 Income from the Development

Income from *waqf* land development was partly discussed in section 5.2.1.2 on page 140, in the form of leasing and rental. If *waqf* land development is a joint venture with third parties or outside developers and investors, a contract will be created based on Islamic financing. The income will be distributed in accordance with the agreement.

Table 5.6 presents the income distribution model for *waqf* land development practiced by all Councils.

Table 5.6: Income Distribution Model for *Waqf* Land Development

Council	Income Distribution Model	Council	Income Distribution Model
Council 1	<ul style="list-style-type: none"> Rental from Community Bazaar: 50% to the beneficiaries, 50% to the Council, with 25% to other mosques and <i>surau</i> in the state. Land rental for agriculture, 100% go to nearer mosque 	Council 8	<ul style="list-style-type: none"> 50% to the Council, 50% to the beneficiaries
Council 2	<ul style="list-style-type: none"> General <i>waqf</i>: 100% to the Council, Specific <i>waqf</i>: 85% to the beneficiaries, 15% to the Council 	Council 9	<ul style="list-style-type: none"> 40% to beneficiaries, 20% to the Council, 20% to maintenance, 20% to future <i>waqf</i> investment and development
Council 3	<ul style="list-style-type: none"> General <i>waqf</i>: 100% to the Council Specific <i>waqf</i> (<i>waqf zurri</i>) - 95% to the beneficiaries, 5% to the Council 	Council 10	<ul style="list-style-type: none"> 50% to the Council, 50% to the beneficiaries
Council 4	<ul style="list-style-type: none"> 100% to the Council 	Council 11	<ul style="list-style-type: none"> 70% to maintenance, 30% to the beneficiaries
Council 5	<ul style="list-style-type: none"> 40% to the beneficiaries, 30% to maintenance, 30% to cash <i>waqf</i> scheme 	Council 12	<ul style="list-style-type: none"> 15% to maintenance, 50% to the beneficiaries, 35% to other <i>waqf</i>
Council 6	<ul style="list-style-type: none"> 100% to the Council 	Council 13	<ul style="list-style-type: none"> 100% to the Council
Council 7	<ul style="list-style-type: none"> General <i>waqf</i>: 10% to the Council, 90% to <i>waqf</i>. Specific <i>waqf</i>: 30% to the Council, 30% to maintenance, 40% to the beneficiaries. 	Council 14	<ul style="list-style-type: none"> 100% to the Council

The respondents from Council 4, Council 6, Council 13 and Council 14 said that all the income received goes to the Council. However, most of the income is being spent for the maintenance of the *waqf* especially mosques. Whereas, Council 5 and Council 12 distribute their income based on three purposes namely for the benefits of the beneficiaries, maintenance of the *waqf* and other *waqf* developments. Council 7 collects 10% income from general *waqf* lands as its management fees. However, the remaining 90% are put under one *waqf* fund to be used for *waqf* beneficiaries, *waqf* maintenance or to fund other *waqf* development projects. For specific *waqf*, 40% go to the beneficiaries, 30% to the Council and another 30% to maintain the *waqf* properties.

Council 9 practices a distribution model 40-20-20-20 percentages. 40% go to the beneficiaries as stipulated by the *waqf* deed, 20% to the Council as trustee's fees, 20% for maintenance costs, and another 20% for future *waqf* investment and development. The distribution model is needed to guide the Council and the public, as the respondent explained:

"We want to avoid slander when we managed the waqf money. People are not understand. We bought a building (waqf), we need to spend some money to maintain the property. If there is no allocation for maintenance costs, if the building rotten, where we want to get the money? And let say we just accumulate waqf money until a few hundred thousand, people will say that we do not know how to spend the money. So in order to avoid the slander, we need to have this model as a guideline." - Council 9

In summary, it can be concluded that the income is mainly distributed to the Council, *waqf* beneficiaries and for the maintenance costs of the *waqf*. The Council received a percentage of income as management fees for administrative duties and as a *waqf* trustee. However, the Council needs to find other ways to generate more income from *waqf* land development since rental income is not enough to cover the maintenance costs of *waqf* properties. According to Council 12 and Council 13:

"We received rental from Community Bazaars but we need to pay for electric and water bills every month. Then, the maintenance of the building itself. So, the rental income are not enough to cover all the costs." - Council 12

"Usually a new house under 5 years old, the rental (income) can still cover the maintenance costs, but for old houses, we can't cover it and need to take from other sources like from Baitulmal." - Council 13

In section 5.2.1.2, the Councils have shown that they have taken various measures to secure funding for *waqf* land development. However, in section 5.2.1.3, the income distribution model has proven that the maintenance of the *waqf* properties after the development is also important. Hence, the Councils also need to make sure that *waqf*

land development is able to provide sufficient income to cover the maintenance costs of the *waqf* properties besides fulfilling the rights of the beneficiaries.

5.2.2 Applying Models Employed in Other Countries (RQ1b)

The respondents were asked about the *waqf* land development models employed in other countries such as Singapore, Turkey, Indonesia and Kuwait to see how the models can be applied in the Malaysian context. The respondents said that they view the *waqf* land development models practiced in other countries from two perspectives; i. As a model example and ii. Their suitability to be adopted by the Council.

The interviews reveal that Council 2 has seen and learned from *waqf* land developments in other countries such as Turkey, Egypt, Kuwait, Russia, Singapore, Indonesia and Brunei. Nevertheless, most Councils such as Council 2, Council 4, Council 5, Council 7, Council 8, Council 10 and Council 13 have also looked at the local *waqf* land development models such as Council 1 that practices *waqf* shares and e-*waqf*, Council 9 that practices housing *waqf* land development, Council 14 with its iconic *Waqf Imarah* Tower and Council 11 with its salary deduction model. Council 6 and Council 7 claimed to have adapted Council 1's *waqf* shares and e-*waqf* into their *waqf* land development practices. Council 6 also adapted the e-*waqf* system and upgraded it so that the potential donor can make a monthly salary deduction through the system.

However, the Councils will only adapt the *waqf* land development, especially from other countries if it is suitable to them. As Council 9 and Council 12 said, they cannot follow Singapore's *waqf* land development models since it is not suitable to them:

“Who wants to look? To me, Singapore has been known with sukuk. Sukuk’s issue is capital. Are we facing with capital issue? I think not, because our approach is a JV (joint venture).” - Council 9

“In Singapore, their fatwa is more forward. In the form of contemporary, it (waqf property) can be sold to non-Muslims. So this thing is a bit forward. We cannot do that. Our situation is not like Singapore. Singapore has less land compare to us.” - Council 12

Council 12 referred to the case of Singapore where the selling of the existing *waqf* properties can be done if the *waqf* has more than one property. The example was taken by MUIS regarding the development of *Waqf Jabbar* properties situated at Duku Road. The case can be referred to Shamsiah (2010b, p. 151). Council 6 was also reluctant to follow Singapore:

“Because they are in darurah (the state of extreme necessity), their REIT is not enough. So they get in one building, they have a condominium, hotel, with a mosque. But we cannot because we are not in darurah.” - Council 6

However, Council 8 admitted that it will follow Indonesia that employs hospital bed *waqf*:

“In Jakarta, hospital bed donated by a donor, has been named. So there is a pride of Muslims there. We want to copy the model and do it here. We want to encourage people to waqf.” - Council 8

Implementing hospital bed *waqf* is indirectly help *waqf* land development for hospital since it reduces cost to fully setting up the hospital *waqf*.

5.2.3 Products, Services, and Financial Flows in *Waqf* Land Development (RQ1c)

Council 1, Council 7, Council 9 and Council 14 said that they seek financing, products, and services in the market from “*waqf* partners”. *Waqf* partners are the public, private developers, and investors. Due to *waqf* characteristics, the partnerships must

obey *shari'ah* principles. Council 9 gave emphasis to Muslim developers regarding their joint venture project as the respondent commented:

"We require a Muslim developer to deliver (waqf land development) for Muslim society. That's a guide for developers. The financial instrument should be an Islamic Financing where there is no riba. The developer should provide its own financing for the development." - Council 9

The products and services offered through *waqf* land development to the public by giving them the right to use the facilities (social value) and the opportunity to rent the facilities like renting a shop or land for agriculture (economic value). Council 12 and Council 5 said about the social and economic benefits of their *waqf* land development to the public as follows:

"Public received waqf benefits through the mosques where they can pray and use the facilities such as marriage solemnization in the mosque. The land that we leased for agriculture, the operators kept the income from the crops themselves, no need to share it with us" - Council 12

"Most of shop rental in the city is expensive, which at least RM 1000 and above. We provide rental for economic value. In terms of social value, we provide orphanage. However, under social development, we also earned economic value, such as dialysis centre that we opened, instead of receiving income from the business, we also able to provide cheaper price to the public who needs it." - Council 5

The income from rental received by the Council will be channeled back to the *waqf* beneficiaries based on the Council's income distribution models as described in section 5.2.1.3.

The interviews also reveal that *waqf* beneficiaries and the public can also contribute products and services to the market and earn payment in return after receiving the benefits from *waqf* land development. Council 13 gave an example:

"We have Culinary Academy. After completing training in confectionery and bakery, some of the trainees able to receive income of RM 4,000 monthly doing business from home." - Council 13

5.3 Strengths and Weaknesses of the Councils in Developing *Waqf* Lands in Malaysia (RO2)

Discussions with the respondents reveal that the Councils have demonstrated their strengths and weaknesses in performing their duties as the trustees of *waqf* land development. The researcher was able to highlight five strengths and three weaknesses of the Councils when performing their duties related to *waqf* land development.

The first strength lies in the fact that the Councils have their own *waqf* instruments such as cash *waqf*, *waqf* shares, *waqf* schemes, *waqf* funds and *wakaf kaki* (per square feet *waqf*) as funding mechanisms for *waqf* land development as discussed in section 5.2.1.2 on page 133. This financial strength gives the Councils an opportunity to collect and provide funding for *waqf* land development without totally depending on the federal and state funding.

The second strength lies in the use of online technology as a medium to promote *waqf* land development. It can be seen that all Councils have their own website for their organization whereby their *waqf* activities are visible on the website. The Councils also promote *waqf* funding through their website. Council 1, Council 6 and Council 7 use e-*waqf* portal to promote their *waqf* development projects. Potential donors from all over the world can easily contribute *waqf* shares through the portal. Council 1 reported that in 2015, the most contribution of *waqf* shares through e-*waqf* came from Canada.

The third strength lies in the fact that some of the Councils have build a good relationship with other related agencies to ease the administration of *waqf* lands. For example, Council 7 has a good relationship with other local authorities such as with the

Land Office. This gives a great advantage for the Council in speeding up *waqf* land administrative matters related to the office such as land registration and legal procedures.

The fourth strength is evinced when some of the Councils develop their *waqf* lands by using their own developer such as Council 6 and Council 12. This will reduce development cost since they do not have to appoint a private developer. As Council 6 commented:

“We appoint our own contractor and we have an assistant engineer to supervise the work. That is why our project is cheaper. If we use a private contractor, from RM 200 thousand, the project can cost us RM 400 thousand. So we do our own project, we can save money and there is no wastage. That is why we choose to do the work by our own.” - Council 6

The fifth strength lies in the fact that some of the Councils have *waqf* officers which are very experienced and expert in *waqf* administration and development. Council 1, Council 6, Council 9, Council 11 and Council 14 have shown their ability to exercise creativity and find ways to fund and develop *waqf* lands. Some of the *waqf* land developments in these Councils are known as iconic *waqf* land developments and are being used as a model for other states to follow. From the researcher’s observation and investigation, the experience and expertise of *waqf* officers have helped these Councils implement creative ways in developing *waqf* lands. All of the *waqf* officers already work in the field for more than 12 years on average. Two of them have an economic background. It is an interesting finding where *waqf* land developments under these Councils appear to be outstanding compared to other states.

However, the Councils also show weaknesses in performing their duties as the trustees. First, all Councils said that they have a lack of funding for *waqf* land

development. This is still a major problem for all Councils in developing *waqf* lands. Currently, the *waqf* instruments created by the Councils have helped them fund the development. However, it takes some time to gather the sufficient amount before any development can proceed.

Second, all Councils also said that they experience a lack of staff especially permanent staff. Council 4 said that it has many staff on contract basis and it is hard to train the staff. The problem worsens when there are only six staff in the *waqf* department to do all the administrative duties related to *waqf* matters. Council 14 said that it is inefficient for the Council when some administrative works cannot be done on time due to lack of staff. Council 8 and Council 11 outsource the feasibility study for their *waqf* land development to private consultants due to the same reason. Council 9 emphasized the importance of permanent staff as follows:

“The Council needs to fight for its own right. For the staff, for their future and their need to implement the power vested on their shoulder. Then, the staff can do their work with no hesitate. But if we need to provide a new permanent position we need to depend on the Federal which is very hard to get as we requested.”- Council 9

Council 7 also agreed with Council 9, whereby the respondent said:

“We have staffs which are secondment from Federal state. When they are here, then they know how hard working in council with insufficient number of staff.”- Council 7

Third, some of the Councils have a problem with rental. Council 1 claimed that it has RM1.76 million of rent arrears in 2014. Council 7 also confessed that it has so many rent arrears under its administration. Meanwhile, Council 3 has not reviewed some of its rent rate where some of the *waqf* shop houses are being rented for RM32.82 monthly which is much lower than the current market price. These rental problems need to be

taken care of since this is one source of income for the Councils to pay for the maintenance cost of *waqf* property.

The Councils should learn from each other's strengths and weaknesses in developing *waqf* lands. To be good social enterprises, the Councils need to make sure that their *waqf* land development is not only able to generate social values, but also economic values. The strengths and weaknesses of the Councils as discussed above represent the strengths and weaknesses in the administration and management of *waqf* land development. The extent of the strengths that contribute to the Councils' success as social enterprises is discussed in the next section.

5.4 Perceived Factors of the Current *Waqf* Land Development Models that Contribute to the Councils' Success as Social enterprises (RO3)

From the interviews, it is suffice to say that all of the Councils operate as social enterprises when most of the *waqf* land developments in the states are also moving towards economic value creation. Unlike in the past, majority of the mosques do organize several economic activities to generate income such as community bazaars. In this regard, the Councils are able to ease their burden in financing *waqf* properties. This section aims to identify the perceived factors that contribute to the Councils' success as social enterprises in developing *waqf* lands in Malaysia in light of social values and financial sustainability.

The interviews reveal that there are nine perceived factors of the current *waqf* land development models that contribute to the Councils' success as social enterprises as presented in Figure 5.3.

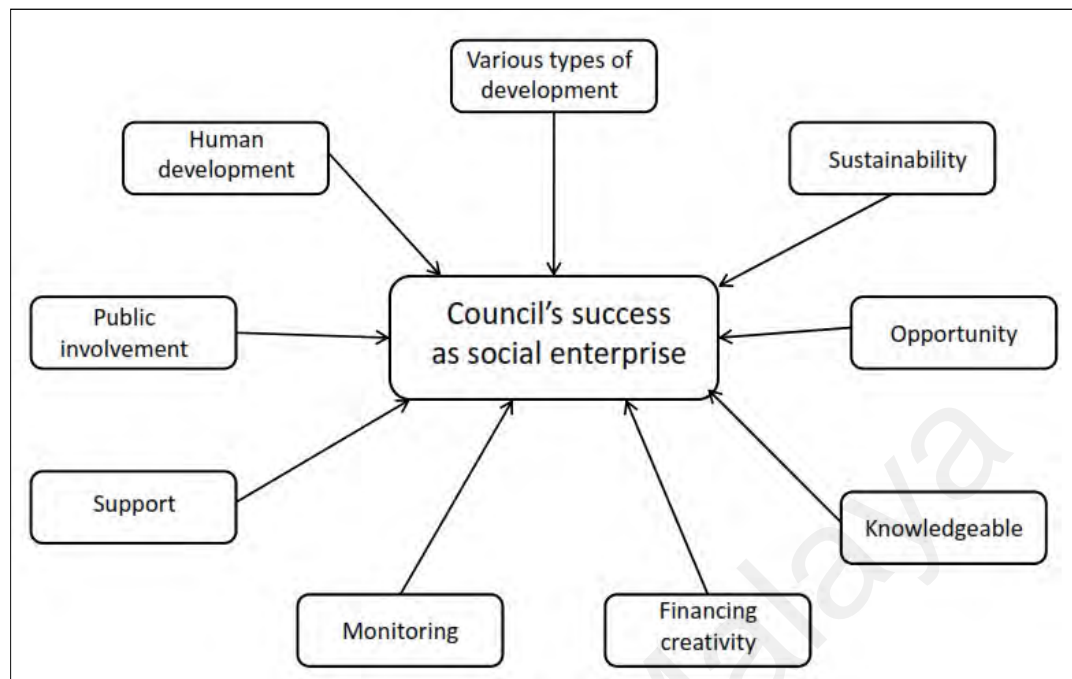


Figure 5.3: Perceived Factors of the Current *Waqf* Land Development Models that Contribute to the Councils' Success as Social Enterprises

Since *waqf* can be general or specific, all of the Councils have shown that they do undertake various types of *waqf* land development in their respective state to optimize the benefits to the society. Council 2 said that it engages in housing, agriculture and commercial *waqf* land development. It is also important for the Council to think of new types of development for its *waqf*, especially the *waqf* that cannot generate any income. For example, the respondent from Council 2 proposed solar *waqf* for cemetery land.

The respondent from Council 5 said that the Council focuses on both economic and social developments, showing that the Council is already in pursuit of the dual missions namely financial sustainability and social purpose. These thus define the characteristic of social enterprises. The respondent also viewed the importance of sustainability in *waqf* land development when he said that economic returns can help develop the rest of the *waqf* land, especially with regard to social benefits such as health aspect. This is

agreed by the respondent from Council 11, where he mentioned that sustainability can be ensured by maintaining specific *waqf* like mosque using the income received from renting a space adjacent to the mosque for instance, a cafe or a space for book rental. He also mentioned that the public gains a lot from the low rent charged by the mosque. The respondent from Council 11 also added the importance of sustainability and the Council's success by saying:

"Who is going to pay for insurance, electricity, and maintenance if there is no rental income? The waqif will not pay. So that's why there must be the concept of sustainability. If we do not have sustainability, it means that the waqf property cannot be sustained and will diminish over time. So there is no reward (from Allah SWT), because the waqif only received a reward for the waqf if the property has been used. If we cannot rent it out, the property will obsolete and people will say we are not successful in managing the waqf. But if we were to fix it, where to get the money? So, first of all, we must have that sustainability concept in order to be a good social enterprise." - Council 11

The respondent from Council 6 said, in order to become a successful social enterprise in developing *waqf* lands, opportunities to secure a business for economic values should not be taken for granted. Since *waqf* land is lacking funding for the development, the respondent has said that the Council has to be proactive and grab any opportunity to generate other income and some of the revenue can help funding the *waqf* land development in the state. Council 6 would try to grab any chances that it has to secure a business:

"... if we have an opportunity to buy a petrol station, we will buy. If there is people want to sell supermarket, we will take it. If someone sells a hotel, we will buy it. We grab anything that came because opportunity only came once." - Council 6

However, the basis of the decision for acquisition depends on the return on investment (ROI) of the particular acquisition. Council 6 claimed that it is only engaged in new business if the ROI is at least above the profit rate of fixed deposit offered by financial institutions, as the respondent said:

“If the ROI is more than 4%, we will take the opportunity to invest. Why 4%? If less than 4%, we better put our investment in fixed deposit. But for our experience, supermarkets can give us ROI of 15 percent, whereas plantation is between 30 to 35 percent. So why don't we invest?” - Council 6

However, *waqf* officers should have the knowledge and skills to run the acquired business that takes place as *waqf*. It is an advantage when the officer knows how to manage the business, so that he can always know about the business even though it is run by someone else. *Waqf* officers can hire and learn from the expert if they have little knowledge about the business. This knowledge will become handy if they undertake the same project in the future since they already know how to manage and operate the business.

“When I want to do any project, I need to have a mentor. I have a mentor for my plantation project, - a planter. He teaches me how to manage a plantation. Like hospital and clinic, there is a specialist doctor teaches me how to manage the hospital. Same goes to the hotel so that I know what to do. Like clinic, the doctor teaches me how to open the clinic, so the next round if I am going to open another clinic, I already know how doing it.” - Council 6

Council 7 and Council 14 said that funding availability is very important before taking any project. Council 4, Council 12 and Council 13 suggested to use *istibdal* fund for this matter since *istibdal* fund needs to be replaced with a new *waqf* land with similar purposes as stipulated by the donor. There will be no problem to use *istibdal* fund if the purpose is indicated for general *waqf*. Council 6 gave an example of how it uses its funding creativity to run *waqf* businesses annually:

- i. It gives an annual grant to selected *waqf* developments that do not generate any or much income such as in education and health sectors. The annual grant is gained from zakat for *asnaf* category. Council 6 gives this grant to the selected *waqf* to cover for the operational costs so that it does not have to worry if the income it receives from the *waqf* itself cannot cover the operational costs. For

example, the income from *waqf* clinic and hemodialysis centre are being used for other things such as to upgrade the existing facilities and for the beneficiaries of the *waqf*. It charges people who use its *waqf* facilities lower than the market price such as for dialysis treatment, the market price is RM 250 but the Council only charges it RM 150. With this practice, the financial statement for any *waqf* business would be no longer negative. Council 6 has claimed that this method is working and able to sustain the *waqf* operational costs in their state.

- ii. The Council also gives paid-up capital to selected *waqf* businesses. Paid-up capital means Council 6 gives a certain amount of funds or capital to the businesses and receives shares in return. The said funds may then be utilized for day-to-day operations of the company to pay salary, debts and other expenses. In the practice, plantations, supermarkets and specialist hospital receive paid-up capital through baitulmal fund, whereas *waqf* hotel, through JAWHAR. All these businesses are run by the Council's own subsidiaries.

Monitoring of the *waqf* is also essential to the social enterprise. It should be done by the Councils as *waqf* trustees. They need to be proactive even though they do not have enough staff. Council 13 suggested to pool the *waqf* resources under one unit or one Ministry as practiced in other countries such as Kuwait and Egypt in order to ease the burden of the Councils as *waqf* trustees.

Council 2, Council 5, Council 9 and Council 14 also said that social enterprises should have good support, especially financial support from the federal government and the state. Supports from the federal government and the state are important since both of them are able to finance *waqf* land development. The respondents from Council 7 were concerned with the support from the members of the Council. They stated that the board

members of the Council should support any *waqf* land development ideas suggested by younger employees in the Council. The respondent from Council 7 explained that usually younger employees seem to have new and innovative ideas for *waqf* land development and the Council should try to consider them. Council 14 added that support in terms of human capital is very important when she said:

“If human capital is not enough, not balance among the departments, no expertise, you give one business model, never will ever work.” - Council 14

All of the respondents agreed that identifying the target population is important. Council 5 asserted that more public involvement is needed because *waqf* objective is ultimately concerned about *waqf* beneficiaries including the public. *Waqf* land development should involve the targeted population from the very beginning of the development. This includes identifying the needs of the targeted population. The Council added that the awareness of the Council itself or the public can help to make sure that both parties understand what is needed from *waqf* land development:

“Awareness is important if we want to create any development. Both, the MAIN and the public need to take part. We need to have more discussion on what is needed for the development.” - Council 5

Council 9 considered human development as one of the factors that contribute to the Councils’ success as the respondent said:

*“We have to have our own philosophy if we want to success. When we developed the *waqf* land, we have not developed it only for physical, but we are also developing the society. The Muslim community whom are educated with the environment of the *waqf* development.” - Council 9*

The respondent of Council 9 highlighted the case of housing *waqf* land development where the local community is engaged in activities among themselves.

The nine factors are (1) various types of *waqf* development; (2) sustainability; (3) opportunity; (4) knowledgeable; (5) financing creativity; (6) monitoring; (7) support; (8) public involvement; and (9) human development have contributed to the Councils' success as social enterprises in *waqf* land development in Malaysia.

5.5 Social Impact of *Waqf* Land Development to the Communities (RO4).

This section covers the fourth objective of the thesis from the Councils' perspectives. As described in section 4.8.1.3 on page 122, three themes (benefits received, communities' needs, and community satisfaction) were addressed in the interview with *waqf* trustees to answer the research questions pertaining to *waqf* communities.

5.5.1 Benefits Received by the Communities (RQ4a)

Waqf lands are developed based on the donor's intention. If the *waqf* land is a general *waqf* which is an open ended *waqf* where the beneficiaries are not mentioned, the Council may use the *waqf* land for whatever purpose as long as it benefits the public and the purpose is not against the *shari'ah* principles. The study however, sought to collect data from the communities who use and gain benefit from *waqf* land development.

The Councils distribute the income as discussed in section 5.2.1.3 from general *waqf* land development to beneficiaries, the Council as the *waqf* trustee, and for *waqf* maintenance. Some of the Councils distribute the income from general *waqf* land developments to other *waqf* land properties such as mosques and orphanages as these *waqf* properties are unable to generate their own income. Thus technically, such *waqf* properties on the specific *waqf* land are the beneficiaries of some general *waqf* lands.

However, based on the research question, public or communities receive the benefits when using the facilities of these *waqf* properties (usufruct) for examples, praying and learning in the mosques and *surau*, exercising in recreational areas or staying in an orphanage. Overall, the interviews reveal that the communities receive *waqf* benefits in terms of usufruct of *waqf* facilities:

- i. Mosque/*surau* facilities;
- ii. Educational and training facilities;
- iii. Health facilities;
- iv. Rental opportunities from *waqf* premises;
- v. Staying in *waqf* hostel/orphanage/premises/land;
- vi. Working in *waqf* premises;
- vii. Cemetery facilities; and
- viii. Book and the Quran

Some *waqf* land tenants are allowed to derive profit from the general *waqf* lands, such as farmers who farm crops and they can sell the crops without sharing the revenue with the Council such as practiced by Council 4. The only thing that the farmers pay to the Council is the rental of the *waqf* land. The reason for leasing *waqf* land for agriculture is due to the small size of the *waqf* land, the location, or the condition of the land that cannot be developed into something more useful other than agriculture. As respondent said:

Our problem is in term of lands which mostly are far from the city, (or) in the forest. (The size) Not even one acre. That limit us to develop it - Council
5

The communities also receive benefits from various categories of *waqf* land development. From the interviews, five major categories of *waqf* land development

have been identified. Even though *waqf* land development is based on the donor's intention, all Councils said that the objectives *waqf* land development are usually meant to provide benefits in terms of religion, education, welfare, health and economy such as space for rental, business facilities and housing. These categories are similar with the categories proposed by YWM for *waqf* land development as discussed in section 4.7.2.2 on page 101. The researcher will use these data interviews in the quantitative research.

5.5.2 Needs of the Communities (RQ4b)

All of the Councils stated that they have informed the communities about the *waqf* land development to be implemented. Council 1, Council 6 and Council 7 said that the information regarding their *waqf* land development projects are disclosed in their website to give awareness to the communities about the project that will take place. The information about *waqf* land development to be implemented is disseminated through the Councils' website, newspapers, and social media. However, all the fourteen Councils said that they did not sufficiently study the needs of the communities before the *waqf* land development takes place. Eight out of fourteen Councils said that they found out about the communities' needs through a feasibility study done by either their Development Unit or by private developers before any development project can be approved.

Two Councils have their own ways to gather information about the needs of the communities:

We received letters from local committees or local representatives. We will go there and see the land and its surroundings. If the information is insufficient, I will ask my staff to find the history of the land. - Council 3

The imam will notify the Islamic Religious Department on what are the mosque's needs, and the department will propose to us which mosques are given priority to be developed. For example, this one mosque is really

crowded, there are too many people using it. This mosque, then will be our priority. - Council 12

One Council stated that it did study the communities' needs, even though it is short-staffed:

There are only three of us. So if we were to study, we are lack of the expertise, so we outsource the feasibility study. We looked at the impact to the local society. What we do ourselves is we only make observations. Usually it is based on what project we are going to do. - Council 8

Some *waqf* properties are given to the Council only after the developments have been completed:

We don't know what is the feasibility study and the needs of locals because the donors only hands over to us after they developed it. - Council 11

Two Councils (Council 4 and Council 12) said that they did not do any study about the needs of the communities because majority of their *waqf* lands are specific *waqf*. Council 4 said that its general *waqf* lands are small in number and size. Thus, leasing the lands for agriculture is the best solution.

Furthermore, Council 6 and Council 12 said that *waqf* land development should have quality in terms of the infrastructures and facilities offered to the communities. Council 10 said that the *waqf* land development should be able to provide convenience and comfort to the communities when using the *waqf* facilities.

Overall, the results of the interview survey show that the studies on the needs of the communities from *waqf* land development are still scarce. Feasibility study usually covers physical, technical, financial, market and economic factors (Iman & Mohammad, 2014). Nonetheless, how far the feasibility study meets the needs of specific communities is still unclear. There is also no clear view of whether *waqf* land

development is able to cater the communities' needs. These results were used in quantitative research to gain information about the needs of the communities from *waqf* land development.

5.5.3 Community Satisfaction (RQ4c)

The respondents were asked about the feedback from the communities and if the respondents know whether the communities are satisfied with the *waqf* land development. Council 7 admitted that it has not asked any feedback from any community or beneficiary. One of the respondents mentioned that the Council has not sought any feedback from the mosque by saying:

"We just gave the money like that without asking any feedback. It is a good idea (asking feedback). Perhaps we will ask the mosques, what they used the money for and whether it is enough or not". - Council 7

Council 5 revealed that it has received feedback from the communities regarding the ease and convenience of facilities like in one case:

"Most of our projects that we have done (community bazaar) have had no toilet. If you want to use a toilet, you use the ones at the mosque nearby. Some people are okay with it, but some are really not satisfied. They give feedback through the mosque". - Council 5

Council 13 said that it has received compliments for providing a hemodialysis centre from the users. Council 13 added that the hemodialysis centre provides convenience and comfort to some of the users who stay near the hemodialysis centre because they do not have to travel far to receive the benefits from the *waqf* development project.

Council 13 also revealed that it has received feedback where the local residents are not satisfied with the availability of renting shop houses, as one of the respondents from Council 13 explained:

“Local residents are not satisfied because they cannot rent the shop house, but we still need to interview the applicants and only qualified applicants will get the opportunity even though they are not the local residents”. - Council 13

Council 11 brought up the issue of quality when talking about satisfaction from the trustee’s perspective. The respondent commented about the infrastructure and facilities of *waqf* land development as follows:

“We must make sure the contractor that we appoint able to deliver quality. We need quality on waqf infrastructure and facilities. If the property is easily broken, we have to spend more money on maintenance. If the property is well maintained, the waqif and the people who use it will also happy. But we do not want to spend a lot of money on maintenance, so build quality is important”. - Council 11

In conclusion, the Councils have not gathered sufficient information about the impact of *waqf* land development to the communities. There is a lack of feedback collected by the Councils to identify the communities’ needs and satisfaction from *waqf* land development. Similar with the information gathered in section 5.5.2 (needs of communities), the researcher used these findings in the quantitative research to measure the community satisfaction. Summary of the findings as used in the questionnaire will be presented in the next section.

5.5.4 Summary of the Findings for RO4

The findings presented herein with regard to the benefits received (RQ4a), needs of communities (RQ4b) and their satisfaction (RQ4c) are taken from the Councils’ perspectives. These findings were tested to the communities to enquire into the communities’ perspective. In summary, the communities receive *waqf* benefits in the form of:

- i. Mosque/surau facilities;

- ii. Educational and training facilities;
- iii. Health facilities;
- iv. Rental opportunities from *waqf* premises;
- v. Staying in *waqf* hostel/orphanage/premises/land;
- vi. Working in *waqf* premises;
- vii. Cemetery facilities; and
- viii. Book and the Quran

The list of benefits provided by the Councils reflects the outcomes of *waqf* land development that the communities receive except for book and the Quran which fall under movable *waqf* for religion and educational purposes. Since the researcher sought to identify *waqf* benefits received by the communities, the item “book and the Quran” was kept remain in the list of the benefits received and was used later in the questionnaire survey. The findings also show that the Councils are able to develop *waqf* lands for social and economic purposes that give benefits to the communities.

In terms of the needs and satisfaction of communities, the researcher has extracted thirteen items to be tested to the communities. These thirteen items were grouped into three; i. Roles of the Council; ii. Benefits from *waqf* land development; and iii. Quality, convenience and comfort as presented in Table 5.7.

Table 5.7: Items for Communities' Needs and Satisfaction from *Waqf* Land Development

Items
Roles of the Council: 1. To inform clear information about <i>waqf</i> land development to be implemented 2. To take into account the communities' opinion on the best way to generate <i>waqf</i> benefits from <i>waqf</i> land development 3. To ensure that <i>waqf</i> land development gives benefits to the communities 4. To give a continuous commitment to the management of <i>waqf</i> land development
Benefits from <i>Waqf</i> land development categories: 5. Education 6. Welfare 7. Health 8. Religion 9. Economic
Quality, convenience and comfort: 10. Provide quality infrastructure 11. Provide quality facilities 12. Provide convenience to me 13. Provide comfort to me

It can be concluded that the Councils have taken proper actions to ensure that their roles as *waqf* trustees have been implemented. The Councils have shown that they have provided *waqf* benefits to the communities. However, the extent to which the Councils have fulfilled the needs and satisfaction of the communities remains ambiguous. Hence, the thirteen items aforementioned were used to provide empirical evidence regarding *waqf* communities' needs and satisfaction towards the roles of the Council, benefits that they have received from five different *waqf* land development categories, and the quality, comfort and convenience of *waqf* land development.

5.6 Conclusion

This chapter assessed how the Councils develop their *waqf* lands and how the development provides social impact to the communities. The Councils have shown that they do not have a specific business model for their *waqf* land development. *Waqf* land development models employed by the Councils are based on the practices of each state in developing *waqf* lands. The Councils have also shown their quality as social

enterprises since they pursue the dual missions for financial sustainability and social purposes in developing *waqf* lands.

Policy practices such as the national and state laws, *shari'ah* and *fatwas*, have acted as a big umbrella for *waqf* land development model and *waqf* financing. The Councils need to abide by these laws in administrating and managing *waqf* lands. Basically, the *waqf* land development model employed by the Councils shows that the development practices, *waqf* financing and the distribution of income are unique in every state.

The Councils have also looked at the *waqf* land development models employed by each other and the models in other countries such as Turkey, Egypt, Kuwait, Russia, Singapore, Indonesia and Brunei. However, the outside models can only be adopted or adapted in the Malaysian context by model example and the suitability of the model to the individual Council. The Councils have also revealed their strengths and weaknesses in administrating and managing *waqf* lands. The strengths can be used to enhance the Councils' duty as social enterprises to develop *waqf* lands successfully for the benefits of communities.

Nine factors have emerged from the study which can contribute to the Councils' success as social enterprises in developing *waqf* lands in Malaysia. They are: (1) various types of *waqf* development; (2) sustainability; (3) opportunity; (4) knowledgeable; (5) financing creativity; (6) monitoring; (7) support; (8) public involvement; and (9) human development. This finding contributes to the literature on social enterprise since there is a lack of studies on social enterprise and *waqf* activity.

As social enterprises, the ability to produce social impact to the target population is very important. Hence, the study provides empirical evidence on the extent to which *waqf* land development benefits communities. However, this chapter only discussed the findings from the trustees' perspective. Communities receive benefits from *waqf* land development in terms of the right to use the facilities (social value) and the opportunity to rent the facilities like renting a shop or land for agriculture (economic value). All 14 Councils have revealed that they have not gathered sufficient information about the needs of communities in pre and post development. They also did not receive enough feedback from the communities regarding the subject matter.

Overall, the findings of the interviews offer some insights into the social enterprise business model for *waqf* land development in Malaysia and how the development gives benefits to the communities. In an attempt to provide further evidence concerning the target population or communities, a questionnaire survey was undertaken with communities in light of five different *waqf* land development categories. The results of the questionnaire survey are discussed in the following chapter.

CHAPTER 6: ANALYSIS AND RESULTS (PART 2)

6.1 Introduction

The aim of this chapter is to present the findings of the analysis of survey in light of Research Objective 4. As previously discussed in Chapter 3, based on the main objective of *waqf* creation, the social enterprise business model for *waqf* land development should target the social impact. Hence, both perspectives from the Councils and the communities who use and gain benefits from *waqf* land development were examined in terms of the benefits received, the needs of the communities, and community satisfaction towards the current *waqf* land development in Malaysia. The findings from the Councils' perspectives have been discussed in Chapter 5. This chapter discusses the findings from the communities' perspectives.

The analyses and discussion of the findings are presented on a section-by-section basis in accordance with the research questions. The first part of the chapter discusses the background information of the respondents. It is followed by the discussion of the benefits received from *waqf* land development and the availability of *waqf* land development for the communities. The rest of the chapter is structured as follows: Section 6.2.3 discusses the findings related to the needs of *waqf* land communities. The chapter also showcases the findings of communities' satisfaction towards *waqf* land development in section 6.2.4. The following sections present the findings and discussions regarding to what extent the development meets the needs of the communities. At the end, a conclusion of the chapter is given in section 6.3.

6.2 Social Impact of *Waqf* Land Development to the Communities (RO4).

The questionnaire that sought to achieve the fourth research objective of the study was developed from the themes gathered from the interviews with the Councils' officers. This part of analysis of findings aims at collecting empirical evidence from *waqf* communities as to what extent the current *waqf* land development is beneficial to them. There are 13 items in the questionnaire to measure the needs and satisfaction of the communities as presented in section 5.5.4. This section presents the results and discussion based on Research Objective 4 from the communities' perspective.

6.2.1 Background Information of the Respondents

In this study, demographic analysis was used to analyze the background information of the respondents. The demographic variables were the respondents' location, gender, age group, education and monthly income range.

A questionnaire survey was distributed to the respondents detailing various categories of *waqf* land development as presented in Table 6.1. The highest response rate from the communities of *waqf* land development falls into the business and services category which represents 28.3% of the total respondents. It was followed by religion category (26.7%), education category (25.7%), and housing category (13.0%). Health category has contributed the smallest numbers of respondents (6.3%) of the study. Overall, the researcher was able to get 315 responses from communities in various categories of *waqf* land development.

The results also show that 47.6% of the respondents were from *waqf* lands developed for economic values such as *waqf* clinic, hemodialysis center, public housing, commercial offices and shop lots. Whereas, 52.4% of the respondents were from *waqf*

lands developed for social values such as *Tahfiz* school, *Al-Quran* and *Fardhu Ain* class, mosque and orphanage.

Table 6.1: Statistics of Demographic Profile – Respondents’ Location

Waqf Categories	Premises	Frequency	Percentage (%)
Education	<i>Tahfiz</i> School	76	24.1
	<i>Al-Quran</i> and <i>Fardhu Ain</i> class (KAFA)	5	1.6
Religion	Mosque	67	21.3
	Orphanage	17	5.4
Health	<i>Waqf</i> Clinic and hemodialysis Centre	20	6.3
Housing	Public Residential Area	41	13.0
Business and Services	Offices	32	10.2
	Shop lots	57	18.1
Total		315	100.0

Table 6.2 presents the descriptive statistics for gender item. A total of 257 males (81.6%) and 58 females (18.4%) out of the 315 participants responded. There was a huge difference in numbers between male and female respondents. It can be explained by the location of the respondents when they responded to the survey.

Table 6.2: Statistics of Demographic Profile – Gender

Gender	Frequency	Percentage (%)
Male	257	81.6%
Female	58	18.4%
Total	315	100.0

Table 6.3 shows in detail the distribution of male and female respondents in *waqf* premises. As presented in Table 6.1, the highest number of respondents came from *Tahfiz* School and Mosques. These *waqf* premises are mostly occupied and used by males. Hence, it explains the high number of male respondents in the premises.

Table 6.3: Statistics of Demographic Profile – Gender in *Waqf* Premises

<i>Waqf</i> Categories	Premises	Gender		Total
		Male	Female	
Education	<i>Tahfiz</i> School	76	0	76
	<i>Al-Quran</i> and <i>Fardhu Ain</i> class (KAFA)	0	5	5
Religion	Mosque	60	7	67
	Orphanage	7	10	17
Health	<i>Waqf</i> Clinic and hemodialysis Centre	12	8	20
Housing	Public Residential Area	33	8	41
Business and Services	Offices	27	5	32
	Shop lots	42	15	57
Total		257	58	315

The respondents under 20 years old were the most responsive to the survey, with 47.3% response rates (149 out of 315) as shown in Table 6.4. This could be due to the fact that the majority of the respondents in this group came from *Tahfiz* school and mosques. In *Tahfiz* school, 63 out of 315 respondents were mostly students in the school as shown in Table 6.6. The second highest response rate for the same group of age came from mosques and it can be explained by the time the survey was conducted. The survey was done right after *zuhur* and *asar* prayers during weekdays. The mosques were mostly occupied by male teenagers after they had finished school/class session in the afternoon.

Table 6.4: Statistics of Demographic Profile – Age of Respondents

Age	Frequency	Percentage (%)
Under 20 years old	149	47.3
21 to 30 years old	65	20.6
31 to 40 years old	35	11.1
41 to 50 years old	56	17.8
51 to 60 years old	9	2.9
61 years old and above	1	0.3
Total	315	100.0

The second highest response rate was from the respondents aged 21 to 30 years old with a contribution of 20.6% of the total respondents (65 out of 315). The majority of them were in the *waqf* shop lots (refer to Table 6.5). The low response rate was from the group of 61 years old and above where the response rate was only 0.3% (1 out of 315).

Table 6.5: Statistics of Demographic Profile – Age of Respondents in *Waqf* Premises

<i>Waqf</i> Categories	Premises	Age						Total
		Under 20 years old	21 to 30 years old	31 to 40 years old	41 to 50 years old	51 to 60 years old	61 years old and above	
Education	Tahfiz School	63	3	0	10	0	0	76
	<i>Al-Quran</i> and <i>Fardhu Ain</i> class (KAFA)	0	5	0	0	0	0	5
Religion	Mosque	47	6	2	11	1	0	67
	Orphanage	6	5	1	4	1	0	17
Health	<i>Waqf</i> Clinic and hemodialysis Centre	8	1	0	9	2	0	20
Housing	Public Residential Area	18	11	7	4	1	0	41
Business and Services	Offices	4	1	14	11	2	0	32
	Shop lots	3	33	11	7	2	1	57
Total		149	65	35	56	9	1	315

Table 6.6 presents descriptive statistics for the respondents' level of education. The highest return responses were from the respondents who hold a Malaysian Certificate of Education (SPM) which contributed 51.7% of the total respondents of the study (162 out of 315). SPM is a Malaysian national examination taken by all fifth year secondary school students, that is, when the students are 17 years old. It was followed by 32.4% (102 out of 315) of the respondents who do not have an SPM. The lowest response rate

was only 1.9% (6 out of 315) representing the respondents who have a master's degree. Unfortunately, there was no PhD holder participated in the study.

Table 6.6: Statistics of Demographic Profile – Level of Education

Education	Frequency	Percentage (%)
Below SPM	102	32.4
SPM	163	51.7
Certificate	9	2.9
Diploma	21	6.7
Degree	14	4.4
Master	6	1.9
PhD	0	0
Total	315	100.0

The majority of the respondents (52.4%) are not yet income earner or receive salary under RM1000 per month. This could be due to the fact that the majority of the respondents in this group were students as shown in Table 6.5. The second highest monthly income of the respondents ranged from RM1001 to RM2000 (26.3 % of the total respondents). Only 3.1% of the respondents earn RM5001 and above monthly income.

Table 6.7: Statistics of Demographic Profile – Monthly Income

Monthly Income	Frequency	Percentage (%)
RM0 - RM1000	165	52.4
RM1001 to RM2000	83	26.3
RM2001 to RM3000	21	6.7
RM3001 to RM4000	21	6.7
RM4001 to RM5000	15	4.8
RM5001 and above	10	3.1
Total	315	100.0

6.2.2 *Waqf* Benefits Received by the Communities (RQ4a)

In section 5.5.1 on page 157, the benefits received by the communities were discussed from the Councils' perspectives. The interviews with the Councils have revealed that the communities received *waqf* benefits in terms of:

- i. Mosque/*surau* facilities;
- ii. Educational and training facilities;
- iii. Health facilities;
- iv. Rental opportunities from *waqf* premises;
- v. Staying in *waqf* hostel/orphanage/premises/land;
- vi. Working in *waqf* premises;
- vii. Cemetery facilities; and
- viii. Book and the Quran.

Table 6.8 presents the descriptive statistics for the *waqf* benefits received by the communities. Mosque/*surau* is the most selected by the communities implying the most benefits received from *waqf* land development. 97.1% of respondents indicated that they have received benefits from using mosque/*surau* facilities. The second most selected *waqf* benefits is regarding the use of *waqf* books and the Quran (41.6%), and the third is regarding the use of cemetery facilities (38.7%). It can be seen that the first three most selected *waqf* benefits are from the religion category.

Educational and training facilities come in fourth place with only 25.1% of the respondents selected this type of benefits received. It was followed by health facilities (18.1%), staying on *waqf* hostel/orphanage/premises/land (16.8%) and working in *waqf* premises (16.2%). Rental opportunities from *waqf* premises are the least selected by the respondents with only 7.9%.

Table 6.8: *Waqf* Benefits Received by the Communities

Benefits Received	Frequency (n=315)	Percentage (%)
Mosque/surau facilities	306	97.1
Book and Al-Quran	131	41.6
Cemetery facilities	122	38.7
Educational and training facilities	79	25.1
Health facilities	57	18.1
Staying in <i>waqf</i> hostel/orphanage/premises/land	53	16.8
Working in <i>waqf</i> premises	51	16.2
Rental opportunities from <i>waqf</i> premises	25	7.9

It can be concluded that *waqf* land development for religion purposes such as mosques, *surau* and cemetery provide most benefits to the communities. These fall into specific *waqf* and most of *waqf* lands in Malaysia are specific *waqf* (refer to Table 2.1 on page 27). This thus explains the high number of benefits received from the religion category. Socio-economic benefits such as education and health facilities were indicated as the second benefits received most by the communities. Economic benefits generated through the economic opportunities such as working in, and renting *waqf* premises were indicated by the communities as the lowest benefits received. This finding can be explained by the availability and location of *waqf* premises near to the respondents' house.

Table 6.9 presents the availability of *waqf* land development near the respondents' house. Mosque was selected by most respondents with the score of 91.1%. The *surau* came second with 56.5% and school/*tahfiz* school came third with 51.7%. It was then followed by orphanage (24.4%), community bazaar (17.5%), clinic (13.3%), training centre (5.1%), *waqf* hotel (3.2%), commercial space (2.5%) and residential college/hostel (1.6%).

Table 6.9: Availability of *Waqf* Land Development

<i>Waqf</i> Availability	Frequency	Percentage (%)
Mosque	287	91.1
Surau	178	56.5
Community Bazaar	55	17.5
<i>Waqf</i> Hotel	10	3.2
School/ <i>Tahfiz</i> school	163	51.7
Commercial space	8	2.5
Training centre	16	5.1
Residential college/hostel	5	1.6
Orphanage	77	24.4
Clinic	42	13.3

The frequencies show that the religion category leads the development of *waqf* land because of mosque location which is near to the respondents' house. Based on the result from Table 6.9, it can be seen that the economic sector of *waqf* land development is less available compared to the social sector. Hence, it also explains why the economic benefits received were less selected by the communities as presented in Table 6.8. The highest score of mosque as the most benefit received can be explained with regard to its availability near the respondents' house, selected by 91.1% of the respondents. Similar to the first finding, the economic category such as *waqf* hotel (3.2%) and commercial space (2.5%) were selected the least by the respondents. Even though it seems there is a relationship between the benefits received and the availability of *waqf* properties near the respondent's house, it cannot be concluded that way due to the fact that mosques are usually built within the residents' vicinity. Thus the respondents may use mosque or *surau* facilities everyday, whereas, *waqf* hotel and commercial space such as offices and shop lots are usually built in commercial areas which are not necessarily close to residential areas.

6.2.3 Needs of the Communities (RQ4b)

The respondents' perceived needs of *waqf* land development were measured using thirteen questions and employment of 5-point Likert scale which is, from a scale of 1 (Not needed) to 5 (Most needed) as shown in Table 4.6 on page 112. These thirteen items were grouped under three main factors: roles of the Council, benefits from *waqf* land development categories, and quality, convenience and comfort. These factors were derived from the interview surveys with all Councils and were explained in section 5.5.4. In this section, two tests were conducted to determine the needs of the communities. First, exploratory factor analysis was conducted to explain the pattern of correlations within a set of observed values by identifying the items and factors that influence those values. Second, the mean score for each items and groups was measured to identify the needs of the communities. Results and discussion from the analysis are shown in the following sections.

6.2.3.1 Factor Analysis

Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of items (Suhr, 2006). In order to factor analyzed the 13 items from the needs of communities, the researcher firstly, used the Kaiser-MeyerOlkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity to test the data assumptions. According to Norusis (1985), a KMO value between 0.5 and 1.0 implies that factor analysis is appropriate. A KMO value less than or equal to 0.5 indicates that the correlation matrix is not suitable for factor analysis. Barlett's test was used to test the correlation.

Table 6.10 shows that the KMO measure of sampling adequacy for the needs of communities is 0.806. As such, the KMO value is deemed to be high, indicating that

factor analysis could be performed. The Bartlett statistics shows a significant value less than 0.05. This is also suggested that factor analysis could be performed.

Table 6.10: KMO and Bartlett's Test for Needs of Communities

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.806
Bartlett's Test of Sphericity	Approx. Chi-Square	2033.821
	df	78
	Sig.	.000

Thirteen items relating to the needs of communities were factor analyzed using principal component analysis with Varimax rotation as presented in Table 6.11. The analysis yielded three factors explaining a total of 64.25% of the variance for the entire set of variables. Factor 1 was labeled 'benefits from *waqf* land development categories' due to the high loadings from the following items: health; education; economic; welfare; and religion. The first factor is robust with a high eigenvalue of 5.07, and it accounts for 38.96% of the variance in the data. The second factor derived was labeled 'roles of the Councils'. This factor was labeled as such due to the high loadings from the following factors: to ensure that *waqf* land development gives benefits to the communities; to give a continuous commitment to the management of *waqf* land development; to take into account the communities' opinion on the best way to generate *waqf* benefits from *waqf* land development; and to inform clear information about *waqf* land development to be implemented. Factor two has an eigenvalue of 1.76 and accounts for a further 13.6% of the variance. The third factor was labeled 'quality, convenience and comfort' and the factor loadings are: provide comfort to me; provide convenience to me; provide quality infrastructure; and provide quality facilities. The eigenvalues for factor three are 1.52 and account for a further 11.72% of the total variance. The reliability test indicated that the factors for the needs of communities are highly correlated with Cronbach's alpha of 0.852, 0.822, and 0.735 respectively.

Table 6.11: Factor Loadings for Items from the Needs of Communities

Code	Item	Factor		
		1 Benefits from <i>Waqf</i> land development categories	2 Roles of the Council	3 Quality, convenience and comfort
C2c	Health	.846		
C2a	Education	.795		
C2e	Economic	.758		
C2b	Welfare	.755		
C2d	Religion	.643		
C1c	To ensure that the <i>waqf</i> land development benefits to communities		.820	
C1d	To give a continuous commitment in the management of <i>waqf</i> land development		.787	
C1b	To take into account the communities' opinion on the best way to generate <i>waqf</i> benefit from <i>waqf</i> land development		.764	
C1a	To inform clear information about <i>waqf</i> land development to be implemented		.666	
C3d	Provide comfort to me			.923
C3c	Provide convenience to me			.914
C3a	Provide quality infrastructure			.855
C3b	Provide quality facilities			.818
Eigenvalue		5.065	1.764	1.523
% of Total Variance		38.963	13.571	11.719
Cronbach's Alpha		0.852	0.822	0.735

6.2.3.2 Mean Value

The researcher used a five-point scale instrument in the data analysis as discussed in section 4.7.3.2 on page 112. The respondents were asked to choose the scale of their perceived needs for each item. The items that they perceived were the roles of the Councils, benefits from *waqf* land development based on stated categories, and quality, convenience and comfort.

Figure 6.12 indicates the mean value for each item that represents the needs of communities from *waqf* land development. The mean value of the items ranged (4.0921 - 4.7333) by a high degree of needs level, with an average value of 4.43. The needs for benefits from *waqf* land development categories has the highest mean score (4.6222) which is above the average value of all items, followed by the roles of the Councils (4.4206). The least needed factor with regard to the needs of communities is the quality, convenience and comfort group with a mean value of 4.2151.

The mean score for the three factors with regard to the needs of communities from *waqf* land development shows that the respondents had various concerns about all the factors even though they are equally needed to them. The communities' needs for *waqf* benefits from various categories of *waqf* land development indicate that they are the most needed compared to other two factors. The needs for religion categories score the highest mean value in the group with 4.7333. It is followed by education (4.6762), welfare (4.6127), health (4.5873) and economic category (4.5016). These mean scores reveal that the welfare, health and economic categories are below the average mean score (4.6222) for the group. It indicates that those three items are the least needed by the respondents from *waqf* land development categories.

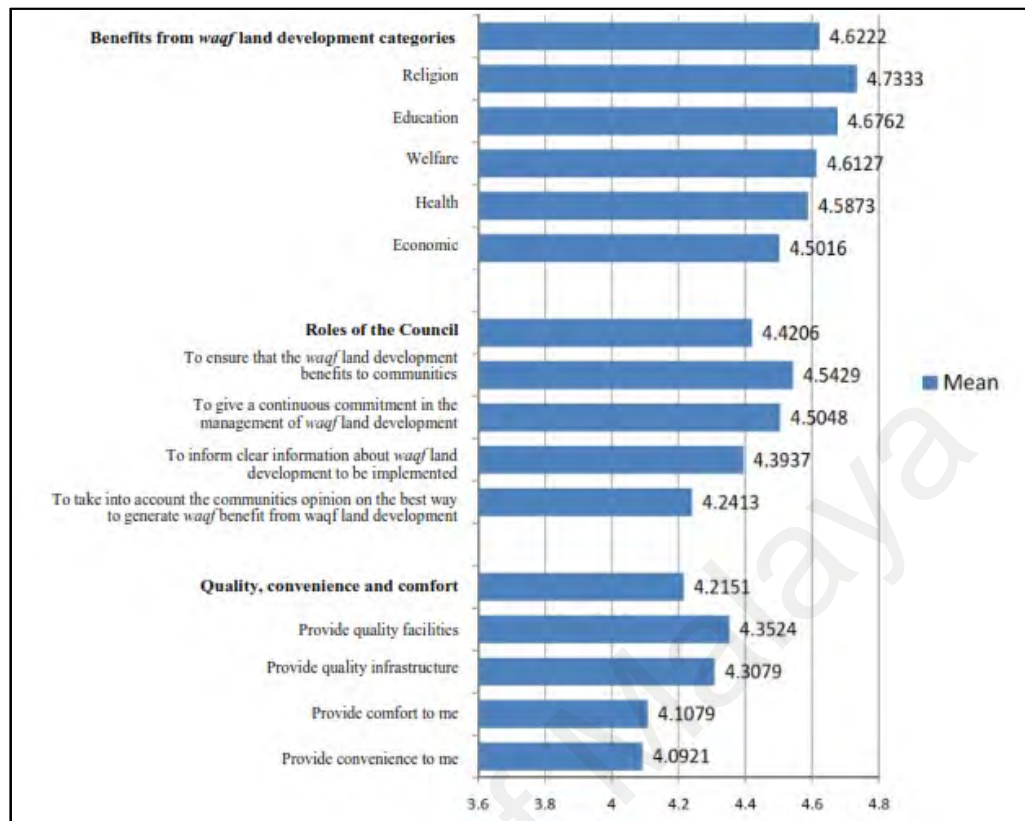


Figure 6.1: Mean Values of the Needs of Communities

The roles of the Council score 4.4206 within the average mean value. The roles ‘To ensure that the *waqf* land development beneficial to communities’ and ‘To give continuous commitment in management of *waqf* land development’ have the mean values recorded above the average mean value in the group. ‘To take into account the communities opinion on the best way to generate *waqf* benefit from *waqf* land development’ scores the lowest with 4.2413 mean scores.

Quality, convenience and comfort factor are the least needed factors whereby the item, ‘Provide quality facilities’ scores the highest mean value in the group (4.3524). “Provide convenience to me’ gave the lowest mean value, 4.0921. All of the items in the group score less than the total average of the factors (4.43).

In conclusion, the needs for the benefits from *waqf* land development are crucial for the communities. The findings also indicate that the top four mean values of the needs of communities among thirteen items are from religion, education, welfare and health categories. It indicates that the social and socioeconomic *waqf* land developments are the most needed compared to economic development. These results are parallel to the results of *waqf* benefits received as discussed in section 6.2.2 on page 174 where the respondents indicated that the social and socioeconomic *waqf* land developments are the benefits received most by them. It indicates that even though the Councils have provided social and socioeconomic benefits of *waqf* land development to the communities, there is still a gap in the needs of the communities for such development.

It has been known that *waqf* land development in Malaysia faces a problem with regard to sustaining the *waqf* properties after the development (Shamsiah, 2010b). Mohammad (2008) has suggested that the Councils need to keep their income-generating *waqf* properties. In order to be able to generate income, the economic *waqf* land development seems the best solution. However, the findings show that the economic *waqf* land development is the least needed by the communities compared to the other two development sectors (social and socioeconomic). Hence, it will not maximize the social impact to the communities since it is not the most needed. This can also explain the problem with renting out the *waqf* premises. There are also a high number of vacant shop lots that are unable to be rented out to the public (National Audit Department, 2014). This could be resulted from the needs of the communities that do not emphasize economic benefits.

The socioeconomic *waqf* land development is the best solution to sustain the *waqf* and at the same time fulfill the needs of the communities. The socioeconomic

development can also cater for the social category of development. Even though mosques, *surau*, and orphanages cannot generate any income, by providing economic opportunities such as what has been done by YWM for the Councils (community bazaars), they can still help to sustain the social development.

6.2.4 Community Satisfaction towards *Waqf* Land Development (RQ4c)

The respondents' perceived satisfaction from *waqf* land development was also measured using the same thirteen items as in 'the needs of communities'. However, the difference from the 'needs of communities' section is that the respondents were asked to indicate their satisfaction towards *waqf* land development using 5-point Likert scale which is, from scale 1 (Very dissatisfied) to 5 (Very satisfied). The following subsections present the data and discussion of beneficiary satisfaction towards *waqf* land development.

6.2.4.1 Factor Analysis

Table 6.12 shows that the KMO measure of sampling adequacy for community satisfaction is 0.906. As such, the KMO value is deemed very high, indicating that factor analysis could be performed. The Bartlett statistics shows a significant value less than 0.05. This also suggests that factor analysis could be performed.

Table 6.12: KMO and Bartlett's Test for Community Satisfaction

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.906
Bartlett's Test of Sphericity	Approx. Chi-Square	3509.179
	df	78
	Sig.	.000

Similar to the needs of communities in section 6.2.3.1 on page 176, a factor analysis was performed with 13 items for community satisfaction. Table 6.13 shows a principal components factor analysis of 13 items, using varimax rotations, with three factors explaining 77.91% of the variance which indicate that these variances can be explained in this model. In other words, it means that more than 75% of the variances in this model can be explained by these three generated factors. All items in this analysis have primary loadings over 0.6. Reliability test also indicates that the factors for the community satisfaction are highly correlated with Cronbach's alpha of 0.922, 0.906, and 0.898 respectively.

Table 6.13: Factor Loadings for Items from Community Satisfaction

Code	Item	Factor		
		1 Benefits from <i>Waqf</i> land development categories	2 Roles of the Council	3 Quality, convenience and comfort
D2b	Welfare	.864		
D2a	Education	.858		
D2d	Religion	.748		
D2c	Health	.745		
D2e	Economic	.718		
D1d	To give a continuous commitment to the management of <i>waqf</i> land development		.842	
D1b	To take into account the communities' opinion on the best way to generate <i>waqf</i> benefits from <i>waqf</i> land development		.825	
D1c	To ensure that <i>waqf</i> land development gives benefits to the communities		.797	
D1a	To inform clear information about <i>waqf</i> land development to be implemented		.766	
D3c	Provide convenience to me			.877
D3d	Provide comfort to me			.870
D3b	Provide quality facilities			.701
D3a	Provide quality infrastructure			.611
Eigenvalue		7.613	1.452	1.062
% of Total Variance		58.565	69.737	77.909
Cronbach's Alpha		0.922	0.906	0.898

6.2.4.2 Mean Value

Figure 6.2 indicates the mean value for each item that represents the community satisfaction towards *waqf* land development. The satisfaction towards *waqf* land development categories has the highest average mean score (4.2406) which is above the average value of all items (4.026), followed by the roles of the Council (3.9214). The quality, convenience and comfort group scores the least satisfaction factor for the communities with a mean value of 3.8627.

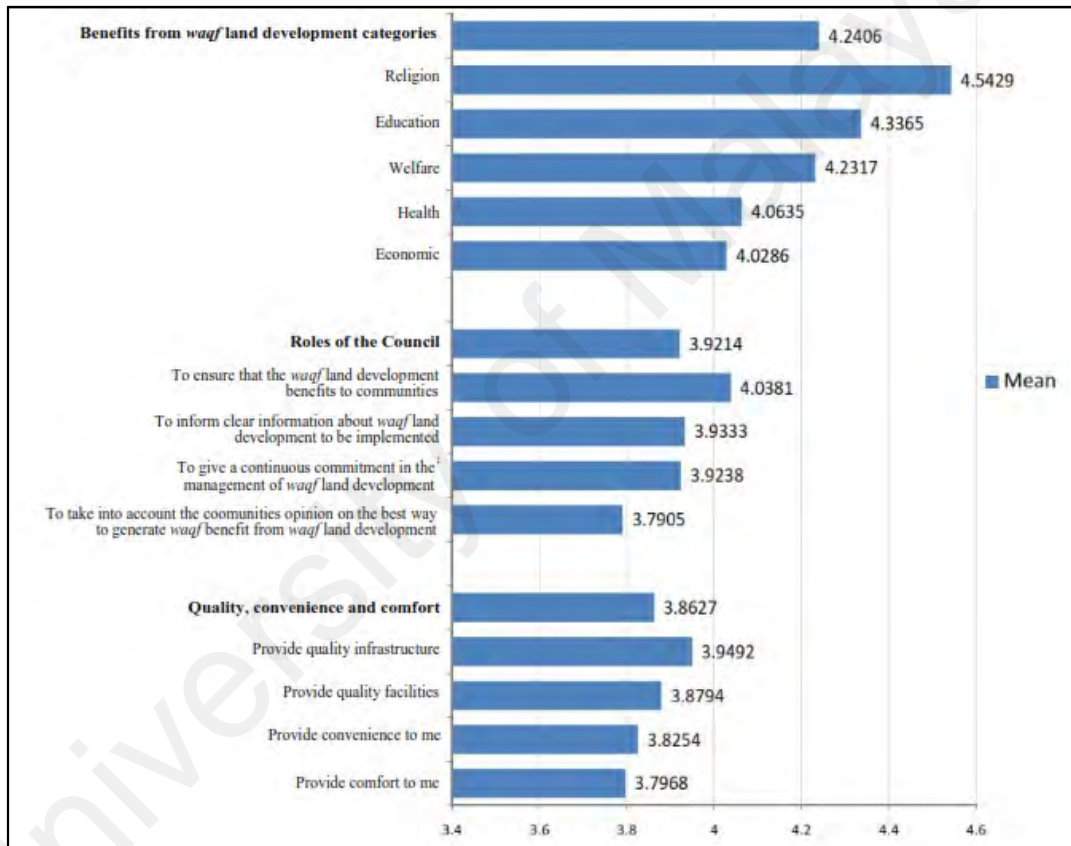


Figure 6.2: Mean Values for Community Satisfaction

The community satisfaction towards the benefits gained from various categories of *waqf* land development indicates the highest satisfaction compared to other two factors. The satisfaction towards the development in the religion category scores the highest mean value, 4.5429. It is followed by education (4.3365), welfare (4.2317), health

(4.0635) and economic category (4.0286). This result shows the similar ranking result for the needs of communities as presented in Figure 6.1.

The roles of the Council scores 3.9214 within the average of mean value with three items; ‘to ensure that the *waqf* land development benefits to communities’ (4.0381); ‘to inform clear information about *waqf* land development to be implemented’ (3.9333). ‘To give a continuous commitment in the management of *waqf* land development’ scores (3.9238) mean values above than the average mean value in the group. The item ‘To take into account the communities opinion on the best way to generate *waqf* benefit from *waqf* land development’ scores the lowest mean value in the group, 3.7905. It indicates that the item gives the least satisfaction to the respondents.

Quality, convenience and comfort factor is regarded as the least satisfaction factor compared to the other two factors. In particular, ‘provide quality infrastructure’ (3.9492) and ‘provide quality facilities’ (3.8794) score the mean values above the average mean value (3.8627) in the group. ‘Provide convenience to me’ and ‘provide comfort to me’ give the mean values lower than the average of mean value.

6.2.5 Testing Significant Differences in Means Score of Community Characteristics

A one-way analysis of variance (ANOVA) and paired sample t-test were conducted to compare the effect of community characteristics regarding their needs and satisfaction towards *waqf* land development. The results of ANOVA are shown in Table 6.14.

Table 6.14: Analysis of Variance for Needs and Satisfaction from Community Characteristics

Community Characteristics	df	Needs		Satisfaction	
		F	Sig	F	Sig
Location					
Between Group	4	3.021	.018	6.472	.000
Within Group	310				
Total	314				
Age					
Between Group	5	2.596	.026	2.462	.033
Within Group	309				
Total	314				
Education					
Between Group	6	7.116	.000	2.720	.014
Within Group	308				
Total	314				
Monthly income					
Between Group	5	1.664	.143	3.371	.006
Within Group	309				
Total	314				

The results of a one-way ANOVA indicate that there are significant differences in the mean scores of the communities' location, age and education in relation to their needs, $F(4, 310) = 3.021$, $p < .05$, $F(5, 309) = 2.596$, $p < .05$, and $F(6, 308) = 7.116$, $p < .05$ respectively. It indicates that the location, age and education level of the communities have a significant effect on their needs for *waqf* land development. However, there is no significant effect of monthly income $F(5, 309) = 1.664$, $p > .05$ in relation to the needs.

The respondents' perceived satisfaction towards *waqf* land development was also measured using the same thirteen items as in 'the needs of communities'. The results indicate that there are significant differences in all of the mean scores of community characteristics particularly their satisfaction towards *waqf* land development. It indicates that the location, age, education and monthly income of the communities have a significant effect on their satisfaction towards *waqf* land development.

An independent samples t-test was conducted to compare the needs and satisfaction of male and female respondents. The result shows that there is no significant difference in the mean scores for male ($M = 4.4259$, $SD = 0.3856$) and female ($M = 4.4761$, $SD = 0.3856$) respondents; $t(313) = 0.30$, $p = 0.584$ for needs. There is also no significant difference in the mean scores for male ($M = 4.0593$, $SD = 0.6119$) and female ($M = 3.8793$, $SD = 0.6616$) respondents; $t(313) = 0.157$, $p = 0.692$ for satisfaction. It shows that both male and female respondents have the same perceptions of their needs and satisfaction.

In order to examine the differences in the mean scores of communities' characteristics further, the researcher proceeded to post hoc tukey test. Post hoc tukey test involves comparing each of the groups in the study with each of the other groups to determine which differs significantly from each other (Jackson, 2013). Table 6.15 presents the post hoc tukey test for the respondents' location and needs. The result shows that there is no significant difference in the mean scores for the needs of communities from communities' location subgroups except for shop lots and mosque where it is significant, $P = 0.005$ (refer appendix for full reports of post hoc tukey). Generally the result shows that the respondents have the same perceptions of their needs except for communities at shop lots and mosque.

Table 6.15: Post Hoc Tukey Test for Communities' Location and Needs

LOCATION (I)	LOCATION (J)	Mean Difference (I - J)	Sig
Shop Lots	<i>Tahfiz</i> School	0.1451	0.383
	<i>Al-Quran</i> and <i>Fardhu Ain</i> class (KAFA)	0.0953	0.999
	<i>Waqf</i> Clinic and hemodialysis Centre	0.2376	0.258
	Orphanage	0.1107	0.968
	Public Residential Area	0.1013	0.903
	Offices	0.1131	0.886
	Mosque	0.2588*	0.005
Mosque	<i>Tahfiz</i> School	-0.1137	0.644
	<i>Al-Quran</i> and <i>Fardhu Ain</i> class (KAFA)	-0.1635	0.984
	<i>Waqf</i> Clinic and hemodialysis Centre	-0.0212	1.000
	Orphanage	-0.1481	0.848
	Public Residential Area	-0.1575	0.439
	Offices	-0.1457	0.645
	Shop Lots	-0.2588*	0.005

However, for satisfaction, there are notably some significant differences between the location subcategories as shown in Table 6.16 (refer appendix for full reports of post hoc tukey). In *Tahfiz* school, there are significant differences in the mean scores of community satisfaction at the orphanage, public residential area and offices ($P = 0.000$ respectively). The result also shows that the mean differences are positive. It indicates that the communities at *tahfiz* school have higher satisfaction compared to the three other communities. Communities at *waqf* clinic and hemodialysis centre also have significantly higher satisfaction compared to communities at the orphanage. However, communities at the orphanage have significantly lower satisfaction compared to communities at *tahfiz* school, *waqf* clinic and hemodialysis centre, public residential area, shop lots and mosque. It can be concluded that communities at the orphanage have the lowest satisfaction compared to other five communities.

Table 6.16: Post Hoc Tukey Test for Communities' Location and Satisfaction

LOCATION (I)	LOCATION (J)	Mean Difference (I - J)	Sig
<i>Tahfiz</i> School	Orphanage	1.0349	0.000
	Public Residential Area	0.5069	0.000
	Offices	0.5400	0.000
<i>Waqf</i> Clinic and hemodialysisCentre	Orphanage	0.7315	0.002
Orphanage	<i>Tahfiz</i> School	-1.0349	0.000
	<i>Waqf</i> Clinic and hemodialysisCentre	-0.7315	0.002
	Public Residential Area	-0.5280	0.026
	Shop Lots	-1.0976	0.000
	Mosque	-0.8174	0.000
Public Residential Area	<i>Tahfiz</i> School	-0.5069	0.000
	Orphanage	0.5280	0.026
	Shop Lots	-0.5697	0.000
Offices	<i>Tahfiz</i> School	-0.5400	0.000
	Shop Lots	-0.6027	0.000
Shop Lots	Orphanage	1.0976	0.000
	Public Residential Area	0.5697	0.000
	Offices	0.6027	0.000
Mosque	Orphanage	0.8174	0.000

6.2.6 *Waqf* Land Development Meets the Needs of Communities (RQ4d)

The objective of this part of the analysis is to analyze the extent of *waqf* land development that meets the needs of the communities. A hypothesis was made to indicate whether the needs of the communities have been met by the current *waqf* land development as presented in section 4.8.2. The analysis was done in two parts. First, the the mean values of needs and satisfaction were compared. Second, a paired sample t-test was performed to detect the differences between the means of needs and satisfaction.

Table 6.17 presents the paired sample statistics of the needs of communities and their satisfaction. The table shows that the needs' mean value is higher than the satisfaction's mean value for all pairs. "To give a continuous commitment in the management of *waqf* land development" gave the highest mean difference (0.5810), followed by "Health" with 0.5238 and "To ensure that the *waqf* land development beneficial to communities" with 0.5048. Economic benefits from *waqf* land development ranked number four with

a mean difference of 0.4730. The item “Religion” gave the lowest difference of mean value (0.1905).

Table 6.17 also shows that the “Roles of the Council” scores the highest mean difference between groups with 0.4992. It is followed by “Benefits from *waqf* land development categories” (0.3816) and “Quality, convenience and comfort” (0.3524). The t-value for each pair is statistically significant. Therefore, the hypothesis of the study is rejected. It indicates that there is a significant difference in the mean score between the needs of the communities and their satisfaction towards *waqf* land development.

Table 6.17: Paired Samples Statistics for Needs and Satisfaction of the Communities

Pair	Items	Mean Needs	Mean Satisfaction	Difference	Sig
Pair 1	To give a continuous commitment to the management of <i>waqf</i> land development	4.5048	3.9238	0.5810	0.00
Pair 2	Health	4.5873	4.0635	0.5238	0.00
Pair 3	To ensure that <i>waqf</i> land development gives benefits to the communities	4.5429	4.0381	0.5048	0.00
Pair 4	Economic	4.5016	4.0286	0.4730	0.00
Pair 5	Provide quality facilities	4.3524	3.8794	0.4730	0.00
Pair 6	To inform clear information about <i>waqf</i> land development to be implemented	4.3937	3.9333	0.4604	0.00
Pair 7	To take into account the communities' opinion on the best way to generate <i>waqf</i> benefits from <i>waqf</i> land development	4.2413	3.7905	0.4508	0.00
Pair 8	Welfare	4.6127	4.2317	0.3810	0.00
Pair 9	Provide quality infrastructure	4.3079	3.9492	0.3587	0.00
Pair 10	Education	4.6762	4.3365	0.3397	0.00
Pair 11	Provide comfort to me	4.1079	3.7968	0.3111	0.00
Pair 12	Provide convenience to me	4.0921	3.8254	0.2667	0.00
Pair 13	Religion	4.7333	4.5429	0.1904	0.00
Pair 14	Roles of the Council	4.4206	3.9214	0.4992	0.00
Pair 15	Benefits from <i>Waqf</i> land development categories	4.6222	4.2406	0.3816	0.00
Pair 16	Quality, convenience and comfort	4.2151	3.8627	0.3524	0.00

It can be concluded that Pair 1 to Pair 13 have shown the ranking of the needs of the respondents that have not been fulfilled by *waqf* land development. The higher the mean value differences between needs and satisfaction, the higher the needs that have not been fulfilled by the current *waqf* land development. The results indicate that the respondents expected the Council to give a continuous commitment to the management of *waqf* land development. It is the most need that has not been fully met by the current *waqf* land development. This result supports the fact that there is a huge proportion of undeveloped *waqf* lands due to mismanagement by the trustees (Hassan & Shahid, 2010). Hence, the respondents perceived the role of the Council to give a continuous commitment to the management of *waqf* land development as their highest need to be fulfilled by the Council.

Health benefits from *waqf* land development categories are the second highest needs that have not been fully met by the current *waqf* land development in all pairs. They also represent the highest needs that have not been met in the *waqf* land development categories group. The researcher suggested that the Councils develop more *waqf* lands for health benefits to the public. By fulfilling these needs, the social impact to the communities can be maximized.

6.3 Conclusion

This chapter elaborated the findings and the analyses of data in light of Research Objective Four of the thesis. 315 respondents participated in the questionnaire survey and the answers for the first research question indicate that they have received *waqf* benefits mostly by using the facilities in mosque (97.1%) followed by *waqf* book/the Quran (41.6%) and cemetery (38.7%). Mosque and cemetery are *waqf* lands developed

in the religion category. It can be concluded that religion category gives the most benefits to the communities. The results also indicate that the economic category, such as staying in *waqf* hostel, premises, or land, working in *waqf* premises, and rental of *waqf* premises, is the least benefits received by the communities. The highest score of indicating mosque as the most benefits received be explained by its availability as the *waqf* land developed near the respondents' house as agreed by 91.1% of the respondents. Similar to the preceding findings, the economic category such as *waqf* hotel (3.2%) and commercial space (2.5%) were selected least by the respondents. Even though it seems that there is a relationship between the benefits received and the availability of *waqf* property near the respondents' house, it cannot generate a concrete conclusion due to the fact that mosques are usually built within the residents' vicinity, thus the respondents may use mosque facilities everyday. Whereas, *waqf* hotel and commercial space such as office and shop lots are usually built in commercial areas.

The second research question investigates into the needs of communities. The roles of the Council (mean = 4.4206), benefits from *waqf* land development categories (mean = 4.6222) and quality, convenience and comfort (mean = 4.2151) indicate the highest needs of communities for *waqf* land development in Malaysia. The results show the roles of the Council to ensure that *waqf* land development gives benefits to the communities (mean = 4.5429) and provide quality facilities (mean = 4.3524) are indicated as the highest needs by the communities. In *waqf* land development categories, the needs for the religion category of *waqf* land development give the highest score (mean = 4.7333) followed by education (mean = 4.6762), welfare (mean = 4.6127), health (mean = 4.5873) and economic category (mean = 4.5016). This result shows that the economic category scores the lowest in *waqf* land development categories and the finding is similar to the first and second findings (benefits received

and *waqf* available). It can be concluded that the economic category of *waqf* land development is the least needed by the communities since they are actually satisfied with what are available now. Community satisfaction towards the economic category of *waqf* land development is rather satisfying (mean = 4.0286). Similar to the second findings, the benefits from *waqf* land development categories imply the highest satisfaction followed by the roles of the Council, and quality, convenience and comfort. These findings answered the third research question of the research objective.

The last research question attempted to determine whether the needs of the communities have been met or otherwise. The results indicate that the respondents' perception of the Council's responsibility to give a continuous commitment to the management of *waqf* land development as the most needs that have not been fully met by the current *waqf* land development. It is then followed by health benefits from *waqf* land development categories. The results also indicate that the hypothesis is rejected where there is a significant difference in the mean score between the needs of the communities and their satisfaction towards *waqf* land development. These results provide an empirical evidence that the needs of the communities have not been completely fulfilled by the current *waqf* land development. Thus, the current *waqf* land development has not met the needs of the communities.

CHAPTER 7: CONCLUSION

7.1 Introduction

The purpose of this chapter is to review the findings of the thesis and finally, to provide recommendations for a social enterprise business model for *waqf* land development in Malaysia. This chapter comprises five sections. It starts by summarizing the research problems and research objectives and then briefly describes the methodology used to address the research questions. Recapitulation of the main findings is then presented in light of the research objectives of the thesis. A discussion of the recommendation for a social enterprise business model for *waqf* land development in Malaysia follows afterward based on the theoretical and research findings of the thesis. The last section of the chapter elaborates the limitations of the research and possible areas for future research.

7.1.1 Research Issues

The current issue concerning the high percentage of undeveloped *waqf* lands in Malaysia has motivated the researcher to conduct this study. Maznah et. al (2014) report that 92.8 percent of *waqf* lands in Malaysia are still undeveloped. This huge percentage of undeveloped *waqf* lands hinders the social and economic development of the Muslim society in Malaysia, not to mention in 2018, the total value of *waqf* lands is estimated to reach RM4 billion. The underlying reason for undeveloped *waqf* lands is due to the inefficiency of *waqf* management by the trustees, their inabilities to provide funding for *waqf* land development and maintain the sustainability of *waqf* properties. It appears that the trustees do not have a standard and effective social enterprise business model to follow for *waqf* land development which can provide both social and economic values

to the communities and to them as well, to maintain the *waqf* and finance other development projects.

In addition, it is also unclear how *waqf* land development by the trustees impacts the communities who use and gain benefits from *waqf* land development. It is uncertain how the trustees know, understand or foresee the needs of the communities before they develop *waqf* lands. Previous literature has also provided very little empirical evidence regarding communities' needs and satisfaction towards *waqf* land development.

7.1.2 Research Objectives

Motivated by the above research issues, this study was conducted based on four research objectives. *First*, the study sought to examine the current *waqf* land development models of the Councils as social enterprises in Malaysia. This included identifying *waqf* land development models in other countries that can be applied in the Malaysian context besides the products, services, and financial flows involved in *waqf* land development in Malaysia. *Second*, the study aimed to examine the strengths and weaknesses of the Councils in developing *waqf* lands. *Third*, the study sought to investigate perceived factors of the current *waqf* land development models that contribute to the Councils' success as social enterprises. *Fourth*, the study analyzed the social impact of *waqf* land development to the communities. At the end, the fourth research objective sought to identify whether the needs of communities have been met through *waqf* land development.

7.1.3 Research Methodology

The study employed both qualitative and quantitative approaches. For the qualitative approach, a total of 16 interviews with 22 respondents were conducted with each of the

Council in Malaysia. The interview data were transcribed and analyzed using Atlas.ti. The primary aim of the interview was to obtain information about social enterprise business model for *waqf* land development in Malaysia by examining the current status of *waqf* land development, strengths and weaknesses, and impact of *waqf* land development under the trusteeship of the Councils to the communities. For the quantitative approach, a total of 315 questionnaires were gathered from the communities. The questionnaires looked into five different categories of *waqf* land development namely, religion, education, health, housing, and business and services. The questionnaires were analyzed using IBM SPSS Statistical software Version 20. The questionnaire survey was used to gather information from *waqf* land communities about the benefits received, their needs and satisfaction towards *waqf* land development and whether their needs have been fulfilled through *waqf* land development.

7.1.4 Theoretical Background

The study was conducted to examine *waqf* trustees using social enterprise framework which highlights the economic and social value creation to the target population in the aspect of *waqf* land development. Further, the study adapted the social enterprise business model from Alter (2007) out of nine feasible social enterprise business models altogether. Based on the theoretical aspect of the social enterprise business model, a gap was found in the literature where none of the current model caters for *waqf* activity.

The theoretical framework of social enterprise business model helped in shaping the conceptual framework of the study where the study sought to investigate the Councils in light of three argumentations suggested by Grassl (2012) such as social enterprise, target population (communities) and goods and services transacted on the market on which they are otherwise traded.

7.2 Review of the Findings

In summary, the results of both interview and questionnaire surveys appeared to fulfill the objectives of the study. The summary of the findings is presented in the following subsections.

7.2.1 *Waqf* Land Development Model in Malaysia

The first research objective of the study is to examine the current *waqf* land development models of the Councils as social enterprises in Malaysia. The Councils have shown that they do not have a specific business model for *waqf* land development. *Waqf* land development models of the Councils are based on each state practices on how they develop *waqf* lands. However, before any *waqf* land development can be created and implemented, the Councils need to obey the national and state laws, *shari'ah* principles and *fatwa*. These laws have acted as a big umbrella to any *waqf* land development in every state. The Councils need to abide by these laws for the administration and management of *waqf* land development. The respondents from the Councils also had the same voice when they said they need to adhere to the donor's intention as stipulated in the *waqf* deed or in the Councils' record in developing *waqf* lands. Basically, the *waqf* land development models of the Councils consist of *waqf* land development practices, *waqf* financing and income from the development.

The *waqf* land development practices in every state varies depending on the Council. Council 1, Council 6, and Council 7 developed their *waqf* lands through *waqf* shares using e-*waqf* platform. Council 4 preferred doing *istibdal* for its *waqf* lands since most of their *waqf* lands are small in size. Council 6 developed its *waqf* lands based on their location. If the lands are located in urban areas, shoplots are preferred. Otherwise in

rural areas with less economic activities, a social complex or a training centre is the best development of the *waqf* land. Council 9, Council 13 and Council 14 said that their *waqf* lands have been developed by taking joint venture projects. A contract was created based on Islamic financing between the Council and the third parties such as outside developers and investors. The *waqf* lands were provided by the Councils and were leased for some period. After the lease term ended, the lands should be returned back to the Councils. Overall, it can be concluded that the development practices of the Councils vary because of the differences in managing and the availability of *waqf* lands in the state.

In order to successfully develop *waqf* lands, the Councils need to secure financing for the development. The Councils have indeed shown their effort to overcome the problems of financing for *waqf* land development by providing funding mechanism from various sources. Funding for *waqf* land development can be achieved in two ways, namely, from internal funds and external funds. There are four sources of internal funding for *waqf* land development specifically, cash collections, *istibdal* funds, Baitulmal, and income from *waqf* properties. Cash collections come from various sources such as cash *waqf*, *wakaf kaki*(per square feet *waqf*), salary deduction, *waqf* fund, *waqf* share and *waqf* scheme. The researcher realized that these cash collections from the public from all over the world are crowdfunding activities as discussed in section 3.3 even though the Councils did not mention about it. This finding has proven that *waqf* institutions in Malaysia practice crowdfunding as a means for funding *waqf* land development. Since major financing sources for social enterprises are from crowdfunding as claimed by Hazam and Olsson (2017), the Councils have demonstrated the characteristic of social enterprises.

External financing comes from the federal government, state government and other parties such as *waqf* partner or *waqf* stakeholder. The Councils have also demonstrated their roles as social enterprises when they are already in pursuit of the dual mission of financial sustainability and social purposes through *waqf* land development. This includes securing income to maintain and sustain *waqf* properties after the development. Income from *waqf* land development is in the form of leasing and rental. The interviews conducted have revealed that most of the Councils have their own income distribution model, where a certain percentage was distributed to the Councils, *waqf* beneficiaries and for the maintenance costs of the *waqf*. The Councils have received a percentage of income as management fees for their administrative duties as *waqf* trustees. Most of the income received by the Councils are channeled back to cover the cost of operation and maintenance of *waqf* properties especially mosques. These internal and external funding efforts evince that the Councils are very proactive in carrying out their responsibility as *waqf* trustees in developing *waqf* lands in the states.

The Councils have also looked at the *waqf* land development models that they themselves employed as well as the models used in other countries such as Turkey, Egypt, Kuwait, Russia, Singapore, Indonesia and Brunei. However, the outside models can only be adopted or adapted in the Malaysian context by example, depending on the suitability of the model to the individual Council.

Council 1, Council 7, Council 9 and Council 14 said that they seek financing, products, and services in the market from “*waqf* partners”. *Waqf* partners are the public, private developers, and investors. Products and services are offered through *waqf* land development to the beneficiaries and the public. This is to say, they have the right to use

the facilities (social value) and the opportunity to rent the facilities like shop or land for agriculture (economic value).

7.2.2 Strengths and Weaknesses of State Islamic Religious Council in Developing *Waqf* Land

The interviews revealed five strengths and three weaknesses of the Councils in performing their duties as the trustees of *waqf* land development in the state. The first strength is the Councils' ability to provide their own *waqf* instruments such as cash *waqf*, *waqf* shares, *waqf* schemes, *waqf* funds and *wakaf kaki* as funding mechanisms for *waqf* land development. The second strength lies in the creative use of online technology as a medium to promote *waqf* land development. Council 1 indicated that they develop most of their *waqf* lands through *waqf* shares available through e-*waqf* system. The effectiveness of this method has motivated other the Councils such as Council 6 and Council 7 to employ the same online system. The third strength lies in the good relationship and network between the Councils and other related agencies such as the local authority in order to ease the process of administering *waqf* lands. The fourth strength is the ability of some the Councils such as Council 6 and Council 12 to use their own developers to develop *waqf* lands. This has resulted in the reduction of development cost since they did not have to appoint a private developer. Finally, the fifth strength is evinced by the fact that some of the Councils have *waqf* officers who are very experienced and expert in *waqf* administration and development. Council 1, Council 6, Council 9, Council 11 and Council 14 proved that they are able to develop *waqf* lands using their own creativity in finding ways to fund and develop *waqf* lands. Creativity, experience and competence of *waqf* officers in the Councils really help in accelerating the development of *waqf* lands in the respective state.

Nonetheless, the Councils also showed some weaknesses in performing their duties as the trustees of *waqf* land development. First, all Councils mentioned that they have faced a lack of funding for *waqf* land development. This is still a major problem for all Councils in developing *waqf* lands. Currently, *waqf* instruments created by the Councils have helped them in funding the development. However, it takes some time to gather the sufficient amount before any developments can be made. Further study need to be done to solve this problem. An in-depth study on the effectiveness of funding mechanism by the Councils should be conducted in the future. For example, if the Council is going to build a shop lot, mosque, religious school, and *Tahfiz* centre, how many years will it take to collect to arrive at the targeted amount of funding? A study on how committed is the community or society in participating in this *waqf* fund collection also need to be analyzed. For example, if each person gives RM10 as a *waqf* once in their lifetime, how many persons are needed to contribute to collect one million ringgit? This suggested future study will revealed how supportive is communities/societies in helping the Councils to fund *waqf* land development.

Second, all Councils also said that they have insufficient number of staff especially permanent staff. The problem worsens when there are very few staff in the *waqf* department to carry out all administrative duties regarding *waqf* matters. Such problem has led to the administrative inefficiency since necessary works could not be done on time. Third, the interviews manifested that some of the Councils such as in Council 1, Council 3 and Council 7 had a problem with their *waqf* property rental. Council 1 has been found to have RM1.76 million of rent arrears in 2014. Council 7 confessed that they had so many rent arrears under their administration. Meanwhile, Council 3 did not

review some of their rent rate where some of the *waqf* shop houses are being rented at a rate very much lower than the current market.

In conclusion, some in-depth studies need to be conducted in the future. The findings are lacking statistical data on *waqf* land such as the percentages of various type of *waqf* land for example *waqf* land for cemetery, agriculture, and also location of the *waqf* land. Councils should prepare and make available the data so that the effect of these various type of *waqf* land with their roles as *waqf* trustees can be analyzed. There is also a need to study the cause of the high numbers of *waqf* land development rental arrears in the Councils. High rental arrears can lead to the Council inability to raise income for maintenance of the *waqf* properties. How serious is the rental arrears problem to *waqf* land development in the state? Furthermore, the Council should have a sufficient and effective number of staff where the issues has been addressed by many researchers and yet to be solved such as being reported by Council 9 and Council 7. The issues may need to address to policy holders and some political will in order to be solved. A future study on the sufficient amount of staff for *waqf* management in the Councils also need to be conducted. This recommended study may include the level of staff (clerks, officers and managers) that the Council needed in order to make sure it has sufficient number of staff for its *waqf* management. With this future study it is hope that such problems can be solved and the Councils can manage *waqf* land more efficiently.

7.2.3 Perceived Factors of the Current *Waqf* Land Development Models that Contribute to the Councils' Success as Social Enterprises (RO3)

Nine perceived factors of the current *waqf* land development models that contribute to the Councils' success as social enterprises emerged from the interviews. First, every Council has implemented various types of development which aim for both economic

and social developments, such as housing, health support facilities and commercial. It is understood that some of the states like Council 3 have so many *waqf* lands for cemetery and mosque which yield almost no income. Hence, it is good to have various types of *waqf* land developments in the state whereby such development can increase income which then can be used to maintain and sustain *waqf* properties.

Second, the respondents highlighted the importance of sustainability in a social enterprise business model for *waqf* land development. Sustainability is important since *waqf* is a perpetual legacy. Targeting an economic return in any *waqf* land development could also help reduce the burden of the Councils to cover the maintenance of *waqf* properties after the development.

Third, the Councils should grab any opportunity to secure a good business which can yield a good return in terms of investment like what Council 6 has done in the state. Involvement in good business such as petrol station, shophot and supermarket could be actualized using *istibdal* fund whereby a new *waqf* can be created, replacing the old one. The income from the business can also be used for other *waqf* land developments.

Fourth, adequate knowledge and skills to run the business originated from *waqf* is essential to any *waqf* officers in the Councils. For example, Council 6 has many retail shops and a plantation as *waqf*. It is an advantage when the officers know how to manage the business so that he can always know about the business even though it is run by someone else. The *waqf* officers can hire and learn from the experts if they have little knowledge about the business. This knowledge will become handy if they undertake the same project in the future since they already know how to manage and operate.

Fifth, the availability of funding for *waqf* land development is also important to make sure that development can take place. Council 4, Council 12 and Council 13 suggested to use *istibdal* fund for this matter since *istibdal* fund needs to be replaced with a new *waqf* land with similar purposes as stipulated by the donor. There will be no problem to use *istibdal* fund if the purpose is for general *waqf*.

Sixth, monitoring of *waqf* is also essential to the social enterprise business model. The Councils need to be proactive even though they experience a lack of staff. According to Otieno (2000), monitoring is a good management tool and if used properly, it can provide continuous feedback on the business that already took place.

Seventh, the respondents also said that the social enterprise business model should have a good support especially financial support from the federal government and the state. Supports from the federal government and the state are important since both of the parties are able to finance *waqf* land development. YWM and JAWHAR as federal agencies have asserted that they have assisted so many *waqf* land developments in the state especially in the commercial category such as community bazaars and hotels.

Eighth, public involvement is needed because *waqf* objective is concerned about *waqf* beneficiaries including the public. Social impact is very important in any social enterprise. Thus, the target population should be involved in decision making related to *waqf* land development. This could be achieved by conducting a study on the beneficiaries and the public, and their feedback on pre and post *waqf* land development respectively. The respondent from Council 5 said that the awareness from either the

Council itself or the public could help to make sure that both understand what is needed from *waqf* land development.

Ninth, the respondent from Council 9 highlighted the importance of human development as a contribution to a social enterprise business model for *waqf* land development. He added that, by developing *waqf* lands, people should understand it is not only for physical development but indirectly, for society development. This is actually parallel to the objective of any *waqf* creation, where the final outcome is for the betterment of the society especially the Muslim community.

7.2.4 Social Impact of *Waqf* Land Development to the Communities

The empirical findings from this study were obtained from both interview and questionnaire surveys. It is worth noting that the communities of *waqf* land receive benefits through the usufruct and income from *waqf* land development. Feedback from 315 respondents participating in the questionnaire survey indicates that the communities receive *waqf* benefits mostly from *waqf* land development in the religion category such as mosque and cemetery. Whereas, *waqf* land development in the economic category such as staying in *waqf* hostel, premises, or land, working in *waqf* premises and rental of *waqf* premises are the least benefits received by the communities. These results suggest the importance to create an economic value in the religion type of *waqf* land development since mosque and cemetery cannot generate any income. Efforts made by YWM in developing community bazaars on the same *waqf* land for mosque have helped provide some income to the mosque.

The results of the interview survey suggest that there are insufficient studies on the needs of the communities of *waqf* land development. Most Councils only did a

feasibility study before any *waqf* land development took place. Thus, how far the feasibility study is able to provide information about the needs of the communities is unclear. The results of the questionnaire suggest, the communities felt that it is important for the Councils to take into account the communities' opinion on the best way to generate *waqf* benefits from *waqf* land development. Hence, a community study could be beneficial to both parties (the Council and the communities) to maximize the impact of *waqf* land development to the target population.

Findings from the questionnaire also indicate that the communities' needs for *waqf* benefits fall into various categories of *waqf* land development. The needs for the religion category of *waqf* land development gave the highest mean score followed by education, welfare, health and economic. This result supports the result of perceived factors of the current *waqf* land development models that contribute to the Councils' success as social enterprises various types of *waqf* land development are evinced to cater for both economic and social developments. The economic values from various types of *waqf* land development can help provide necessary income to the religion category of *waqf* land development since this category is unable to generate a lot of income. As such, the objective of a social enterprise which is to generate both social and economic values of *waqf* can be achieved.

Very few of the Councils have asked for feedback from the communities of *waqf* land post development. For example, Council 7 admitted that it did not ask for feedback from communities or the public. The results of the questionnaire manifest that the communities were most satisfied with the benefits from various categories of *waqf* land development compared to the other two factors (roles of the Council and quality, convenience and comfort). Their satisfaction towards the religion category scored the

highest mean value, followed by education, welfare, health and economic category. When comparing the mean values of the needs and the satisfaction, all mean values of the former are higher than the latter. It can be concluded that the needs of communities have not been completely fulfilled by the current *waqf* land development implemented by the Councils. “To give a continuous commitment in the management of *waqf* land development” gave the highest mean differences, followed by health benefits from *waqf* land development and the needs to ensure that *waqf* land development is beneficial to communities. These indicate that most needs of the communities have not been met by the current *waqf* land development. Overall, the triangulation of all of the findings is presented in Table 7.1.

Table 7.1: Summary of the Findings

Research objectives	Research Questions	Research Findings
<u>Research Objective 1</u> (RO1) To examine the current <i>waqf</i> land development models of the Councils as social enterprises in Malaysia.	RQ1a: What are the current development models including policy practices and <i>waqf</i> financing being adopted by the Councils?	The Councils need to obey the national and state laws, <i>shari’ah</i> principles and <i>fatwa</i> in all of their <i>waqf</i> administration and management. There is no specific business model for <i>waqf</i> land development in every state. <i>Waqf</i> land development models for the Councils are based on their development practices, <i>waqf</i> financing and income distribution. Financing for <i>waqf</i> come from internal and external sources. The findings prove that <i>waqf</i> institutions in Malaysia practice crowdfunding as one of the ways to finance <i>waqf</i> land development. The findings also indicate that there are insufficient studies on the needs of communities through <i>waqf</i> land development done by the Councils.

Table 7.1, Continued

Research objectives	Research Questions	Research Findings
<p><u>Research Objective 1 (RO1)</u></p> <p>To examine the current <i>waqf</i> land development models of the Councils as social enterprises in Malaysia.</p>	<p>RQ1b: In what ways can <i>waqf</i> land development models in other countries be applied in the Malaysian context?</p> <p>RQ1c: What are the types of products, services, and financial flows involved in <i>waqf</i> land development in Malaysia?</p>	<p><i>Waqf</i> land development models in other countries can be applied in the Malaysian context in two ways; i. model example; and ii. The suitability of the model to be applied by the Councils.</p> <p>Products and services offered through <i>waqf</i> land development to the public, for example the right to use the facilities (social value) and the opportunity to rent the facilities like renting a shop or land for agriculture (economic value).</p>
<p><u>Research Objective 2 (RO2)</u></p> <p>To examine the organizational strengths and weaknesses of the Councils in developing <i>waqf</i> lands in Malaysia.</p>	<p>RQ2: What are the strengths and weaknesses of the Councils in developing <i>waqf</i> lands?</p>	<p>Strengths:</p> <ul style="list-style-type: none"> i. The Councils have their own <i>waqf</i> instruments such as cash <i>waqf</i>, <i>waqf</i> shares, <i>waqf</i> schemes, <i>waqf</i> funds and <i>wakaf kaki</i>(per square feet <i>waqf</i>) as funding mechanisms for <i>waqf</i> land development; ii. The Councils use online technology as a medium to promote <i>waqf</i> land development. iii. Good relationship and network between the Council and other related agencies such as the local authority in order to ease the administration of <i>waqf</i> land; iv. The Councils' ability to use their own developer to develop their <i>waqf</i> land; v. Experienced and expert <i>waqf</i> officers in <i>waqf</i> administration and development; <p>Weaknesses:</p> <ul style="list-style-type: none"> i. Lack of funding for <i>waqf</i> land development; ii. Insufficient number of staff especially permanent staff in the Councils; iii. Problems with <i>waqf</i> property rental.

Table 7.1, Continued

Research objectives	Research Questions	Research Findings
<p><u>Research Objective 3 (RO3)</u></p> <p>To investigate perceived factors of the current <i>waqf</i> land development that contribute to the Councils' success as social enterprises.</p>	<p>RQ3: What are the perceived factors of the current <i>waqf</i> land development models that contribute to the Councils' success as social enterprises?</p>	<p>The perceived factors of the current <i>waqf</i> land development models that contribute to the Councils' success as social enterprises are: (1) various types of <i>waqf</i> development; (2) sustainability; (3) opportunity; (4) knowledgeable; (5) financing creativity; (6) monitoring; (7) support; (8) public involvement; and (9) human development.</p>
<p><u>Research Objective 4 (RO4)</u></p> <p>To analyze the social impact of <i>waqf</i> land development to the communities.</p>	<p>RQ4a: What are the benefits received by the communities from <i>waqf</i> land development?</p> <p>RQ4b: What are the needs of the communities from <i>waqf</i> land development?</p> <p>RQ4c: To what extent <i>waqf</i> land development satisfies the communities?</p> <p>RQ4d: To what extent <i>waqf</i> land development meets the needs of the communities?</p>	<p>The communities receive social benefits from <i>waqf</i> land development in the religion category (mosques and cemetery), followed by socioeconomic (educational and health facilities) and economic benefits (working in and rental <i>waqf</i> premises).</p> <p>The communities need <i>waqf</i> benefits that fall into various categories of <i>waqf</i> land development (religion, education, welfare, health and economic).</p> <p>The communities are most satisfied with the benefits from various categories of <i>waqf</i> land development compared to the other two factors (roles of the Council and quality, convenience and comfort).</p> <p>The needs of communities have not been met by the current <i>waqf</i> land development implemented by the Councils as <i>waqf</i> trustees in Malaysia.</p>

7.3 Recommendation for a Social enterprise business model for *Waqf* Land Development in Malaysia

The study revealed a lack of *waqf* land development business model which caters for the needs of *waqf* land communities who use and benefit from the *waqf* land

development. From the results of the study, the researcher triangulated the findings to ultimately propose a social enterprise business model for *waqf* land development in Malaysia as depicted in Figure 7.1. The social enterprise business model emphasizes the impact of *waqf* land development to the communities. The business model also adapts the theoretical aspects of social enterprise business models which can clearly be seen through the combination of three theoretical arguments such as social enterprise, target population (beneficiaries or communities); and goods and services transacted on the market on which they are otherwise traded (Grassl, 2012: p.46-47; Alter, 2007).

As depicted in Figure 7.1, *waqf* land development is put under the responsibility of the State Islamic Religious Council (the Council). Before any *waqf* land development can be created and implemented, the Council as the sole trustee of *waqf* land development in every state needs to obey the national and state laws, *shari'ah* principles and *fatwa*. These laws should assist and guide the Councils in administrating and managing *waqf* land development.

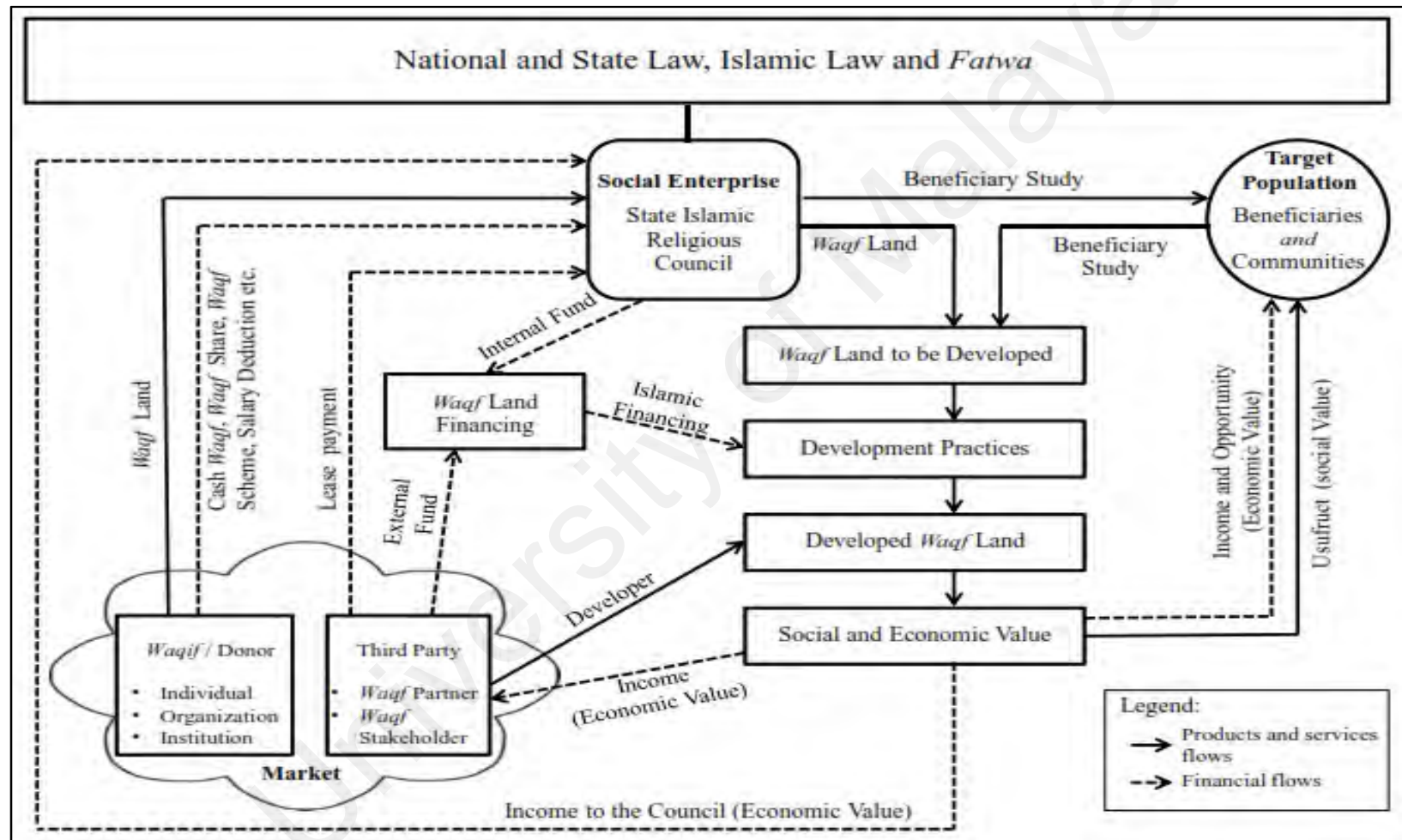


Figure 7.1: Proposed Social Enterprise Business Model for *Waqf* Land Development in Malaysia

In any *waqf* creation, there will be three participants involved in *waqf* creation; the donor, the trustee, and the beneficiary. *Waqf* land is donated by the donor and the donor's intention is stipulated in the *waqf* agreement which will be kept by the Council for legal purposes. All donated *waqf* lands in Malaysia need to be registered under the respective Council. It is recommended that for any new *waqf* creation, the Council must advise the donor to create only general *waqf* so that it can give more flexibility to the Council in developing the *waqf* land for the communities.

The *waqf* land will then be identified as the *waqf* land to-be-developed. As a social enterprise, the Council needs to make sure that the *waqf* land development should give high impact to the targeted population (can be either the beneficiary or the public/community) and is also able to generate some economic values for the maintenance and sustainability of the *waqf*. A study on the beneficiaries and communities of a particular *waqf* land to-be-developed should be conducted by the Council to gain information about the needs of the beneficiaries and communities. The Council will then proceed towards *waqf* land development based on the development practices of the Council.

The Council can seek financial, products and services in the market from the third party such as *waqf* partners or *waqf* stakeholders. *Waqf* partners or *waqf* stakeholders are the public, private developers, and the investors. At this stage, the Council shall identify and provide *waqf* financing for the development. External funds basically come from the federal government, the state or *waqf* partners as well as *waqf* stakeholders. Whereas, internal funds are provided by the Council from four sources such as the Council's cash collection, *istibdal* funds, Baitulmal, and income from *waqf* properties. The *waqf* land will be developed based on the best development practices of each

Council. For example, a joint venture project with an Islamic financing contract between the Council and private developers, where the Council will provide the *waqf* land for a certain period and receive payment for leasing the *waqf* land, whereas, the private developers shall receive revenue in accordance with the agreement.

The developed *waqf* land shall provide social and economic values to the Council as the trustee, the targeted population, and *waqf* partners or *waqf* stakeholders. The communities as the targeted population receive social values through the right to use the *waqf* facilities (usufruct) such as praying in the mosque, being trained at a *waqf* training centre, or using welfare facilities. The communities receive economic values through income, such as a mosque receives income from other *waqf* properties, and the opportunity to rent or purchase a developed *waqf* land such as renting a shop or purchasing a house. In order to have good income from rental, the Council must issue the rental based on, or slightly below the market price. The Council will then receive income from the rental, and channel the income back to the *waqf* beneficiaries following the Council's income distribution model.

In conclusion, there are two objectives of the social enterprise business model for *waqf* land development. First, the business model should provide both social and economic values to the targeted population and trustees, as well as *waqf* partners or investors if the development involved the third party. Second, by involving the target population (beneficiary or community) from the earliest stage of *waqf* land development, it is hoped that the needs of the targeted population can be fulfilled through *waqf* land development. The impact of *waqf* land development to them can be maximized.

7.4 Limitations of the Thesis and Area for Future Research

The study has several limitations despite its substantial contributions to new knowledge related to the social enterprise business model and *waqf*. Firstly, the study was conducted only with 22 *waqf* officers in the Councils and 315 respondents who use and gain benefits from *waqf* land development categories. These 315 respondents are not the *mawquh alayh* of the *waqf* as been discussed in Section 4.7.2.2 but rather the people who use and gain benefits from the *waqf*. The coverage of the study is limited by time and resources for a completion of Ph.D thesis. The study only relied on cross-sectional data (data collected at one point in time) instead of longitudinal data (data collected at different points in time). Longitudinal data collection is not suitable for the study since it can take place over a period of weeks, months or even years, whereas the researcher needs to complete the thesis within the time given by the faculty.

Secondly, the study was only confined to the examination of *waqf* land development in the Council of every state as a sole trustee of *waqf* assets. The study did not make any reference to *waqf* land development in other entities such as corporations, foundations, education institutions and private individuals. As such, the study also did not cover federal agencies such as JAWHAR and YWM that are currently managing *waqf* assets since they are not directly the legal trustees of *waqf* assets in Malaysia.

Thirdly, in order to focus on the social enterprise business model for *waqf* land development, this study examined the double bottom line of social enterprises, where social and economic values became the main focuses of the study. The study explores the business perspective of the current *waqf* land development in Malaysia. The study did not cover the triple bottom line of social study also did not Further studies can be extended to this third aspect of social enterprise in the context of the environmental

responsibility of the Council in *waqf* land development. A future study on the concept of sustainability of *waqf* business model also need to be examined since the study only looking at the business perspective of *waqf* land development.

At the end of the study, a recommendation for a social enterprise business model for *waqf* land development was presented. Future research with the same model can be used in other Muslim countries, particularly the ASEAN countries such as Brunei and Indonesia that also carry out *waqf* land development, and that share a similar background related to the development of Islam and Islamic institutions. A future study to analyze more on the effectiveness of Councils' funding mechanism, the problem on Councils' rental arrears, and the sufficient numbers of staff for *waqf* management should be conducted as discussed on page 204 and 205. Since the study did not cover federal agencies such as JAWHAR and YWM, a recommendation study on these both *waqf* entities can be performed to analyze their role and function in assisting Councils in *waqf* management including the financial assistance for *waqf* land development.

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