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## Share Waqf (Corporate Waqf) As An Alternative Financial Instrument In Improving The Communities And Nation Welfare

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### ABSTRACT

The institution of *Waqf* has played a significant role of providing opportunities in sharing the government's fiscal needs and improving the communities and nation welfare throughout Islamic history. *Waqf* have a potential to become one of the important devices regarding the socioeconomics realms in Muslim societies which will benefit the communities in term of education, health care, national security, transportation facilities, basic infrastructure, foods and job opportunities. The main objective of the current study is to explore the conceptual framework in improving the share waqf and identifies the uniqueness of the share waqf in Malaysia. In addition this study is to investigate the contribution of this type of share towards communities and nation welfare. The methodology of this study is a qualitative research based on the document analysis of relevant references. The interesting finding of this study indicates that the proper implementation of share waqf is very useful in developing the economic well-being of the communities and nation.

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## INTRODUCTION

Economic activities are very important to bring forward people into a new level of their lifestyle. However, the economic system adopted today is the capitalist system which often occur oppression, usury, fraud, corruption, disproportionate monopoly and market manipulation. As a consequence, there are group of people in our society oppressed and still plagued by poverty and misery of life and this condition is called as the poor become poorer and the rich become richer. If not take any action to solve this problem, of course, the fate of the poor are neglected and the rich looked more rampant. In order to combat this problem, *sadaqah* is a one of the potential ways because it can be in many forms. But, the only *sadaqah* in a long lasting form is *waqf* because it has the element of perpetuity.

No Muslims have denied that after their death, they will still benefit from their previous acts of *sadaqah* (among others, through *waqf*). This is consistent when the Prophet Muhammad (Peace be upon him) in a tradition narrated by Abu Hurayrah said: "When a person dies, all his good deeds cease except for three: an ongoing act of *sadaqah*, beneficial knowledge and a righteous son who prays for him". (Al-irmidhi, n.d: 3/660, al-Darimi, 1986:1/148). *Al-Waqf* generally related to the religion and economic system of Islamic society which play a big role since the early of Islamic civilization history. This Islamic financial instrument was well spread and was accepted as one of a sort to build the human society.

The *waqf* or charitable endowments is one of the important financial instrument in preventing poverty among the community and generating economic welfare of people. This is because *waqf* is a fund that cannot be forfeited or lost and must be managed by the trust. It also cannot be traded for the sake of greed and desire to unrestricted money. Thus, it becomes a perpetual property in the interest of the people all the time. If the economic well-being of the people can be established, absolutely there is no gap between the rich and poor and everyone feels there are in the same level of life. The important of *waqf* is similar to *infaq*, *sadaqah jariyah* and *hibah* (Abd. Shakor, 2011) and it is a vital instrument in helping the public.

This article seeks to develop an understanding of the share *waqf* as an innovation in Islamic social finance. The concept of *waqf* is explained in next section and followed by share *waqf* (corporate *waqf*) practiced by Johor Corporation Berhad (JCorp). Then, this study also will describe the share *waqf* as an instrument for developing economic welfare, while the conclusions and future research is offered in last section.

## MATERIALS AND METHODS

### Definition of Waqf:

Generally, *waqf* is defined as the endowment of any property of permanent nature by a Muslim for any purpose recognized by Islamic law as religious, pious or charitable. The word *waqf* (plural of *awqaf*) comes from a root meaning "to prevent or restrain". In Arabic, it literally signifies "confinement and detention". Meanwhile, in the terminology of Islamic jurisprudence, it may be defined as refraining from the use and disposal of any asset from which one can benefit or can use its proceeds for any charitable purpose as long as it exists. In fact, vast majority of Hanafi scholars regard *waqf* as "taking the corpus of any property out of ownership of God, and dedicating its usufruct to others". In the language of the contemporary law, *waqf* "does signify the usufructuary donation, made in favor of a beneficiary, with a view to fulfillment of some pious aim or some projects of general utility and which entailed the legal sequestration of gift or donation, whether this donation included or did not include a usufruct".

Through *al-Quran* or *al-hadith*, there is no exact meaning of the *waqf*. As Muslim jurists, *sadaqah jariyah* as a giving of property in his or her life and its usage is everlasting (Abd. Shakor, 2011). Literally, the word *waqf* derived from the Arabic word *waqafa*, means restrain (*al-habs*) or forbid (*al-man'*) (Siti Mashitoh, 2007). Technically, *waqf* means withholding one's property to eternally spend its revenue on fulfilling certain needs depending on the choice and conditions made by the *al-waqif* or the person who owns the property (Muhammad Ridhwan, 2012).

Following up these definitions, we can say that once a person donated his or her property as *waqf*, then he or she cannot own the property and it will become Allah's belongings forever and it can never be transacted. At the same time, the benefits of *waqf* may be utilised according to *Shariah* in order that the donation can last long and be enjoyed by the Muslims and the local community (Muhammad Ridhwan, 2012) and they can gain the benefits from that *waqf* property without any certain period.

### Foundation of Waqf:

As mentioned earlier, *waqf* had no definite meaning in the *al-Quran* and *al-hadith*. But, the existence of *waqf* in Islam based on three foundations (Dahlia & Haslindar, 2013).

First, The Prophet (p.b.u.h) mentioned as reported in a *hadith*: *Whence a child of Adam dies, his or her deed comes to an end except for three things; running and continuous sadaqah, knowledge that benefits (others) and a righteous child who pray for him or her.* (*Hadith* reported by Muslim, Tarmidhi, Abu Dawud, Nasa'i and Ibn Majah).

Second, Umar bin al-Khattab, as reported by Ibn Umar, went to the Prophet (p.b.u.h) and said "*Messenger of Allah! I got a land in Khaibar. I never got a property more precious to me than this. What do you advise me?*" The Prophet (p.b.u.h) said, "*If you want you can make *habs* on (bequeath) it, and give it as *sadaqah* (charity); provided that it should not be sold, bought, given as a gift or inherited*". Then Umar gave it as charity for the poor, relatives, slaves, wayfarers and guests. There is no harm for the person responsible for it to feed himself or a friend from it for free, without profiting.

Third, All the Prophet's (p.b.u.h) companions proclaimed their lands as *waqf*. This evidenced through narrations and report by Thabit bin Anas Jabir bin Abdullah and Ibn Hazm. All those foundations from *al-hadith* about the *waqf* are strengthened by the some verses in the *al-Quran*. Allah (SWT) says in the *al-Quran*:

*"The likeness of those who spend their wealth in Allah's way is as the likeness of a grain which growth seven branches, in every branch contains of hundred seeds, and (remember) Allah will give increase manifold to which he will and Allah is All Embracing and all knowing"*. (al-Baqarah: 261)

*"If you disclose your Sadaqah (alms giving), it is well; but if you conceal them to the poor, that is better for you. (Allah) will expiate you some of your sins. And Allah is Well-Acquainted with what you do"*. (al-Baqarah: 271)

*"Those who spend (in Allah's Cause) in prosperity and in adversity, who repress anger, and who pardon men; verily, Allah loves the good-doers"*. (Al-Imran: 134)

*"Those who spend their wealth (in Allah's cause) by night and day, in secret and in public, they shall have their reward with their lord. On them, shall be no fear, nor shall they grieve"*. (Al-Imran: 274)

*"He who spends his wealth for increase in self purification, and who has (in mind) no favour from anyone to be paid back, Except to seek the Countenance of his Lord, the Most High. He surely will be pleased (when he will enter Paradise)"*. (al-Lail: 18-21)

“Verify those who give sadaqah (i.e. zakat and alms), men and women, and lend a goodly loan, it shall be increased manifold (to their credit), and theirs shall be an honourable good reward (i.e. paradise)”. (al-Hadid: 18)

Based on above explanation it can shown that *waqf* is a charitable foundation that improves life by using the effect of moral and religious motivation. Due to the fact that Allah S.W.T encourage human beings to help each other in his Holy al-Quran and with the example of his prophet, *waqf* is to prominently improved in the Muslim world and plays a significant role in social, political and economic life in the Muslim society. Further the activities related to *waqf* is encouraged in Islam because it is able to instil *ta'awun* attitude among the community.

### **Types of Waqf:**

Generally, *waqf* is categorized into two which are *waqf khairi* (solely for charities) and *waqf zurri* (family *waqf*) (Abd. Shakor, 2011). *Waqf khairi* is classified into two which are general *waqf* for purpose of charitable without determines motive, condition and who the beneficiaries are, and special *waqf* for purpose of charitable by determining motive, condition and who the beneficiaries are. While the *waqf zurri*, the benefits is for the family purposes. But, some *ulama*’ considered this type of *waqf* is *bid'ah* and it is not in line with Shariah rules.

Besides, *waqf* also can be categorized as *waqf musytarak* and *waqf irsad* (Abd. Shakor, 2011). *Waqf musytarak* is a combined *waqf* between *waqf khairi* and *waqf zurri*. It means the part of the benefits from the *waqf* is dedicated for the family usage and the other part for the public usage. The *waqf musytarak* is a part under *waqf* of *istبدال* and *waqf* share. While the *waqf irsad* is another type of *waqf* that established by the authorities or government from donated Baitulmal’s property as *waqf* either the property is movable or immovable.

There are two forms of property that can be endowed which are immovable such as land and building, and movable such as cash and share. For the immovable property, the Muslim scholars agreed that it is legitimate because it meets the main principles of *waqf* which is permanent. This is based on the *waqf* done by the Prophet (p.b.u.h) and the companions (Abd. Shakor, 2011).

Another form of property is movable property. For this type of *waqf*, there is a difference of opinion among the scholars because it is not permanent and can easily be damaged or destroyed. Nevertheless, according to the *jumhur ulama*’ such as Imam al-Shafi'i, Imam Malik and Imam Ahmad Ibn Hanbal, the movable property can be endowed with conditions that it not depleted if used (Asmak, 2009). Based on Imam Hanafi’s view, the movable property can be endowed if it attach with the immovable property permanently because it will also contribute to the purpose of *waqf*. One of the movable properties that practiced today is *waqf* share. From the law perspective of *waqf* share is permissible in Shariah since it is in with the principles and concept of *waqf* in Islam. The next discussion describes the social welfare share (*waqf* share) practiced by Johor Corporation Berhad (JCorp).

### **Share Waqf (Corporate Waqf):**

The practice of *waqf* nowadays is different from the previous practice because it follows the current requirement and parallel with the modernization. One of the *waqf* innovations that attract the world’s attention is share *waqf* that was introduced by Johor Corporation Berhad (JCorp). The uniqueness of this share *waqf* is the share is regarded as a main fund in contributing to the *waqf*. Literally, the word share derived from the Arabic word *sahama* that means portion and technically, the word share has a lot of meanings for example in *Kamus Dewan*, the word share means portion in a business capital. The word share means security of the ownership in a company (Kamus Pelaburan Saham).

Historically, Waqaf An-Nur Corporation Berhad (WANCorp) is a one of its subsidiary company that was entrusted to manage all *waqf* properties of JCorp in terms of assets and shares. On 25th October 2000, WANCorp started as ‘Pengurusan Klinik Waqaf An-Nur’. After memorandum of understanding (MOU) was made between JCorp and State Islamic Religious Council of Johor (SIRCJ) on 4th December 2009, SIRCJ agreed to appoint WANCorp to act as a special *mutawalli* or trustee in managing all JCorps’ properties by following the Waqf Procedures 1983 under the Enactment of Islamic Administration State of Johor 2003.

According to Annual Report WANCorp 2012, the Net Asset Value (NAV) of share *waqf* of listed companies such as KPJ Healthcare Berhad, Al-‘Aqar KPJ Reit and Kulim (M) Berhad amounted to RM378.46 millions. While the NAV of share *waqf* for unlisted companies have increased to RM66.21 millions. Thus, overall NAV of share *waqf* at December 31, 2012 is worth RM444.67 millions. Meanwhile, the total market value of *waqf* share of listed companies such as KPJ Healthcare Berhad, Al-‘Aqar KPJ Reit and Kulim (M) Berhad is the totaled RM525.14 millions. Figure 1 shows the share *waqf* for each company under Jcorp.

Based on the Annual Report WANCorp 2012 also, the financial performance of their company on that year keep improving due to the country’s economic situation is growing steadily and has contributed towards performance of the company’s share was endowed. In the year 2012, a dividend yield of a shares *waqf* amounted to RM57.56 millions. The total net dividend earned in the year 2012 has been distributed in

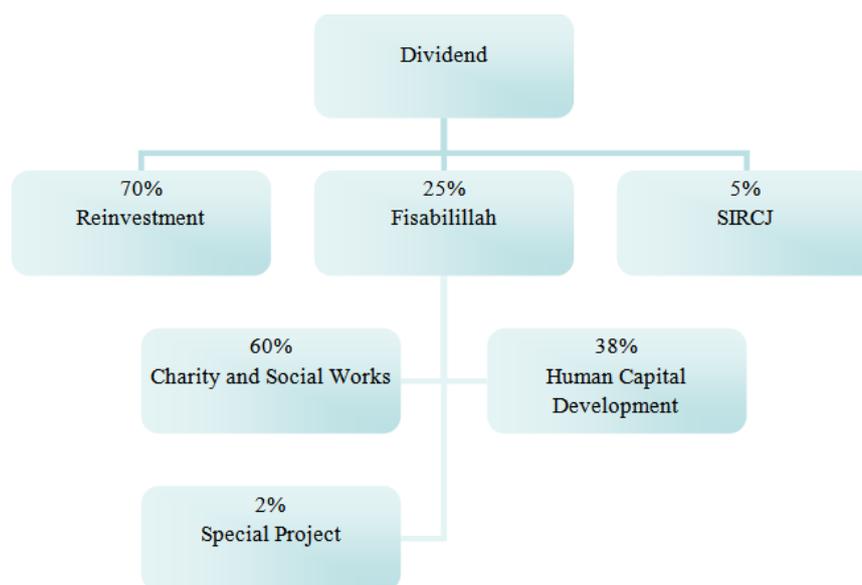
accordance with the *hujjah waqf* whereas 70% (RM40.31 millions) goes back to JCorp for reinvestment and human capital development, 25% (RM14.39 millions) goes to WANCorp for *Fisabilillah* and 5% (RM2.86 millions) goes to SIRCJ.

Waqf Share of Listed Companies			
1	KPJ HEALTHCARE BERHAD	18.60 Millions of Share	14.38%
2	KULIM (M) BERHAD	12.35 Millions of Share	3.85%
3	AL - 'AQAR KPJ REIT	12.62 Millions of Share	1.81%
Waqf Share of Unlisted Companies			
4	TIRAM TRAVEL SDN BHD	225 Thousands of Share	75%
5	LARKIN SENTRAL PROPERTY SDN BHD	50.33 Thousands of Share	61%
6	CAPAIAAN ASPIRASI SDN BHD	75 Thousands of Share	75%

**Fig. 1:** Share *Waqf* of JCorps' in 2012.

Further, annual Report WANCorp 2012 also indicates that 60% (RM2,088,117) of fund from *Fisabilillah* used for charity and social works such as sick patient's treatment, mosques management and other Corporate Social Responsibility Programme, 38% (RM1,312,303) used for human capital development such as 'Tabung Akedemi Mutawwif' and 2% (RM60,000) used for special project such as 'Program Kemantapan Orang Asli Johor'. Figure 2 shows the percentage of dividend distribution from share *waqf* of JCorp in 2012.

By using this model, any organization and people regardless of income level are capable to involve in *waqf* practice or to be *al-waqif* because it practices the *waqf* by collective. People can buy the shares offered by a company donate as a *waqf*. Usually, company offers the shares in the form of certificate to the public. The *waqif* in this scheme will not earn any dividend because it is considered as *waqf*. For JCorp, share is complementary sources to them in order to reach their aims to be *al-waqif* and at the same time they are able to fulfil the Islamic Corporate Social Responsibility (ICSR) towards their communities. The next section presents the effects and consequences towards economic well-being by implementing share *waqf*.



**Fig. 2:** Percentage of Dividend Distribution in 2012.

## RESULT AND DISCUSSION

History proves that the *waqf* plays a very significant role in the economic development of a country. The *waqf* has become a tool of wealth redistribution in order to achieve economic development in the whole context. Al *waqf* has played a role in providing roads, bridges and so on. If reviewed at the time of the Prophet Muhammad (p.b.u.h), Uthman bin 'Affan was endowed a well of al-Raumah which become the main source of water supply for the Muslims at that time. The cash *waqf* performed during the Uthmaniyyah government also helped in providing a variety of community economic development activities such as access to education, health, welfare and other activities that benefit the community much (Asmak, 2009).

Share *Waqf* implemented by JCorp is able to provided major capital injections into the economy of the cities where they functioned properly. For example, financing facility that provided by WANCorp which known

as Waqaf Dana Niaga (WDN) that welfare loan concept or *qardhul hassan*. Thus, the people who lack of capital in setting up the business is not burden with debt with high interest and they are able to run their business in increasing their standard of living and family as well.

Another example is the establishment of Briged Waqaf to provide emergency relief missions such as earthquakes, tsunami and so on. For those who faced with unexpected natural disasters have a chance to survive. Through this scheme also, at least can reduce their burden to start a new life. These types of charity and social work will fulfil the Islamic Corporate Social Responsibility (ICSR) of an organisation.

Besides that, KPJ which is a one the listed companies that *waqf* its share has helped the many lives who need assistance through the initiatives of Klinik Wakaf An-Nur (KWAN) where more than 900,000 patients receive treatment in 18 charitable clinics throughout Malaysia. The KPJ also manage the operation of Hospital Waqaf Pasir Gudang, Johor. Through this instrument, the poor patients regardless of religion can get medical services at the minimum price. If low cost of the medical care, of course the poor patients are not feeling burden to bear the cost of treatment.

Generally, this share *waqf* can contribute in reaching the macroeconomic objective where equality in income distribution and reducing the function of taxation from being a main source of national income that burden the community. At the same time, the national expenses also will deficit and reducing the function of loans as a fund for project development. Through this share *waqf*, people and any corporation also are capable to be help in achieving economic well-being by endowed their property.

In other word, if all people work together, of course the economic well-being of the people as a whole will be achieved and there is no term of the poor become poorer and the rich become richer. Therefore it can assume that share *waqf* was form as a prime vehicle in causing and to push the society in achieving calmness and tranquility, providing good meal, good high education, serving offering free healthcare and so on.

### **Conclusion:**

As a conclusion, share *waqf* is very applicable nowadays because it parallel with the modernization. The community also is capable to donate for share *waqf* because it's practically where they can buy the shares offered by a company depends on their capabilities. The dividend earned from the share *waqf*. Share *waqf* implemented by JCorp also is able to fulfil the Islamic Corporate Social Responsibility (ICSR).

Overall, this share *waqf* can contribute towards economic development and the equal distribution among the community. The Holy Quran has emphasized the virtues of charity in life on earth and life hereafter. The share *waqf* is believed offers an oppurtunity to get divine blessing and to have a rewarding social and spiritual experience and internal peace. Viewed from this perspective, it becomes a social and moral imperative on the part of the well to do to come forward and invest under social welfare share for his or her own benefits. This is certainly pave the way for a new dimension of social development. The share *waqf* can be also spent for the welfare of non-Muslims, thereby paving the way or serving the humanity at large.

This study is a modest attempt to explore what big corporations could play to achieve equitable distrubition of income for the benefits of the ummah. More work has to be done to improve current study and perhaps to include the empirical analysis on the implementation of share *waqf* and also investigating the perspectives of the big government-linked companies on how could they contribute their parts in the share *waqf*.

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