



DETERMINANTS OF CASH *WAQF* GIVING BEHAVIOR
INTENTION IN MALAYSIA: A STUDY OF DONORS IN
THE STATE OF SELANGOR

BY

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ABSTRACT

Considering the importance of cash *waqf* in developing *waqf* instrument and enhancing the social economy of the ummah, the literature that contributes to understanding the factors that underlie a *Muslim* donors' decision to donate cash *waqf* has been extremely limited. This study aimed to empirically determine the significant determinants of cash *waqf* giving behavior (actual behavior and intention) and examine the mediating effect of intention on the relationship between predictors and cash *waqf* giving behavior. It also aimed to investigate the applicability of the Theory of Planned Behavior (TPB) in explaining cash *waqf* giving behavior in Malaysia context. A survey was conducted on 360 *Muslim* donors working in government and private agencies/institutions located in Selangor Darul Ehsan. The Data was analyzed using Structural Equation Modeling (SEM). Out of 19 hypotheses of cash *waqf* giving behavior, eight had significant direct effects namely intention, attitude, subjective norm, perceived behavior control and trust to cash *waqf* giving behavior, whilst religiosity, trust and perceived behavior control to intention. On the same note, three hypotheses had indirect significant effects (trust, religiosity and perceived behavior control toward cash *waqf* giving behavior mediated by intention). The study found that intention fully mediated the relationship between religiosity and cash *waqf* giving behavior. It was also found to be a partial mediator of the relationship between trust and perceived behavior control to cash *waqf* giving behavior. This findings strengthens the assumption that the theory of planned behavior is appropriate for this study in cash *waqf* giving behavior environment. Whereby, the constructed model has shown a reasonable goodness-of-fit index. This study contributes to the development of *mutawallis* in term of fundraising strategies that are more effective. The identification of the psychological factors that determine cash *waqf* giving behavior highlights ways in which *mutawallis* can increase the donation level i.e cash *waqf*. The study also add to the stocks of literature especially on Islamic marketing. Similar studies could be extended to other state in Malaysia which have introduced cash *waqf* at their respective councils. Furthermore, the use of qualitative method is also needed to find more predictors that influence cash *waqf* giving behavior. This may provide a meaningful research area for the future.

ملخص البحث

بعد النظر إلى أهمية الوقف النقدي في تطوير أدوات الوقف وتحسين مستوى اقتصاد الأمة، يساهم هذا البحث للتعرف على العوامل الكامنة في المتبرعين المسلمين، والذي كان محدوداً جداً في تطبيق الوقف النقدي. ويهدف هذا البحث إلى تحديد المحددات ذات أهمية تجريبياً في سلوكية إعطاء الوقف النقدي (السلوك الحقيقي المنوي)، واختبار تأثير الوساطة للنية في العلاقة بين المتبرعين وسلوكية إعطاء الوقف النقدي. كما أنه يهدف إلى كشف قدرة تطبيقية لنظرية السلوكية المقررة (TPB) في البيان عن سلوكية إعطاء الوقف النقدي في حدود ماليزيا. وقد أجريت الدراسة الاستقصائية على ٣٦٠ متبرع مسلم يعملون في المؤسسات الحكومية والأهلية التي تقع في ولاية سلانجور دار الإحسان. وقد تم تحليل البيانات المكتسبة باستخدام برنامج المعادلة البنيوية (SEM). وقد استخلصت ١٩ فرضية لسلوكية إعطاء الوقف النقدي، و ٨ تأثيرات ذات أهمية المباشرة (النية، والسلوكية، والمعياري النسبي، وتحكم السلوكية المتصورة، والثقة بسلوكية إعطاء الوقف النقدي، والتدين، والثقة، وتحكم السلوكية المتصورة للنية). وفي نفس الملاحظة، يوجد ٣ فرضيات على التأثيرات ذات أهمية غير المباشرة (الثقة، والتدين، وتحكم السلوكية المتصورة للنية، وتحكم السلوكية المتصورة لسلوكية إعطاء الوقف النقدي بوساطة النية). ويشير البحث إلى أن النية هي أهم وسائط للعلاقة بين التدين وسلوكية إعطاء الوقف النقدي. كما أنه يشير إلى وجود الوسيط الجزئي للعلاقة بين الثقة وتحكم السلوكية المتصورة لسلوكية إعطاء الوقف النقدي. وهذه النتائج تؤكد افتراض النظرية السلوكية المقررة تناسب هذا البحث في بيئة سلوكية إعطاء الوقف النقدي. وبواسطته، يشير البرنامج المصمم إلى الفهرس المعقول الجيد. وتشير المعلومات المكتسبة من هذا البحث إلى أهمية خاصة في مُتَوَلِّس من أجل فهم سلوكية إعطاء الوقف النقدي بين المتبرعين المسلمين، ومن ثم، يستطيع أن يساهم في تصميم أفضل التخطيطات للتبرع، وتصميم خطة التسويق. ويساهم البحث في الحصول على الفهم العميق لسلوكية المتبرعين المسلمين تجاه إعطاء الوقف النقدي. كما يكشف هذا البحث على العوامل المعينة التي تحدد سلوكية إعطاء الوقف النقدي. ويوسع هذا البحث في الأدب والسلوك وبخاصة في مجال التسويق الإسلامي. وهذا البحث يركز أيضاً الحدود الدراسية طالما أنه عمل البحث للمستقبل.

APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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To my beloved parents Haji Osman bin Awang Puteh and Hajjah Mariah bt Hassan, my loving wife Hanisah bt Abdul Halim, my adorable daughter Shaima Sufi bt Amirul Faiz. Thank you for the sincere prayers, endless love, support and encouragement throughout my life. May Allah s.w.t bless all of us.

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LIST OF ABBREVIATIONS

AMOS	Analysis of Moment Structures
ATT	Attitude
AVE	Average Variance Extracted
BHV	Cash Waqf Giving Behavior
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CR	Critical Ratio
INT	Intention
LZS	Lembaga Zakat Selangor
PBC	Perceived Behavior Control
PBUH	Peace be Upon Him
PSQ	Perceived Services Quality
PWS	Perbadanan Wakaf Selangor
RG	Religiosity
RMSEA	Root Mean Square Error of Approximation
SEM	Structural Equation Modeling
SIRC	State Islamic Religious Council
SN	Subjective Norm
SWS	Saham Wakaf Selangor
TLI	Tucker-Lewis Index
TPB	Theory of Planned Behavior
TRA	Theory Reason Action
TRT	Trust
UPEN	Unit Pembangunan Ekonomi Negeri

CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Waqf is charitable a behavior that has been practiced from the time of the Prophet Muhammad PBUH. *Waqf*, or plural *awqaf* is one of the pillars in the Islamic economic system which relies on the giving behavior (Kahf, 2003). The giving behavior in Islam is divided into two; notably voluntary giving and compulsory giving¹ (Daly, 2010). *Waqf* falls under voluntary giving that is emphasized in the Quran² and the Sunnah³. Ibn Qudamah (1972) defines *waqf* as a dedication or giving of property to any charitable or religious object to secure benefit for human being.

The Prophet PBUH strongly encouraged the act of charitable behavior and *waqf* became an important instrument during His time. Al-Bugha (2012) reported that since the time of the Prophet PBUH, *Muslims* have provided the most sublime examples in the fields of *waqf*. They have made countless endowments (*awqaf*) and dedication of properties. Their endowments cover so many aspects of goodness and spheres of kindness, as well as facilities such as schools, mosques, hospitals, plots of land, buildings, wells, libraries, weapons for the benefit of children, the poor, soldiers, scholars and many others. They have not left any sphere of life except that they have made endowments for them. In fact, these endowments grew in every *Muslim* country which are estimated to be hundreds of millions. There should be a ministry to administers these *awqaf*. During this time, the act of *awqaf* giving behavior among

¹ Compulsory giving which includes the giving of zakah and paying kaffarah

² "You shall not attain righteousness unless you spend on others of that which you love, and whatever you spend verily God has knowledge of it" (3:92)

³ The prophet said " when a person dies, his achievement expires, except with regards to three things, ongoing charity or knowledge from which people benefit or a son who prays for him" Muslim

Muslims was tremendous. *Waqf* bestowed by rulers, wealthy individuals and even those with modest means reflects the culture of giving behavior among *Muslims* in every sector (Hassan, 2010).

However, the practice of *waqf* giving behavior started to decline from the beginning of the 19th century (Mohsin, 2009). Many *Muslim* scholars related this decline to a number of factors, notably mismanagement of the *mutawallis*⁴, intervention of governments in *waqf* management⁵ and colonialism which replaced Islamic law with secular⁶ law including the law of *waqf*. The new colonial law restricted the act of *waqf* giving only to religious rituals. Over time, *Muslims* began to perceive *waqf* giving only for religious matters instead of directing that behavior towards social and economic development.

According to Cizacka, (2000), Malaysia is no exception to the adverse effects of colonialism. Since the introduction of the prohibition enactment 1911⁷ in most states of the Malaysian Federation, the Malaysian *waqf* system was in shambles. The enactment negatively affected the practice of *awqaf* giving among Malay *Muslims*. *Waqf* was no longer perceived as the basis of economic prosperity, and gradually became alien to the Malay *Muslims*⁸. Moreover, the procedures and administration⁹ of

⁴ For example, falsifying *waqf* accounts, fabrication of vouchers and receipts, unaccounted donation, illegal alienation of *waqf* properties, lease on very low rents and etc.

⁵ Government manages *awqaf* in a typically bureaucratic manner. Sometimes improper modes of investments are adopted. Not much attention is given to improvements in management styles, upkeep and development of *waqf* properties (Khaf, 2008).

⁶ The secularist perspective that “mundane matters of everyday life should not be influenced by religion” was put into practice by the colonial authority to matters of religion and culture and took charge of general administration, security, law, finance and education.

⁷ *Waqf* Prohibition Enactment 1911 was promulgated. Articles 3,4 and 5 of the enactment directly targeted the inalienability of *waqf* lands (Ibrahim, 1983). The impact of the enactment was these *waqf* properties were divided among the beneficiaries and thus converted into private ownership in conformity with the general British policy.

⁸ *Muslims* at all levels had come to consider the *waqf* as an ancient and decadent institution mainly for the unkeep of cemeteries and some mosques.

⁹ All documents pertaining to *waqf* properties must be kept by the council. The council must take necessary steps to transfer the ownership of all *waqf* properties to itself, but this is not a smooth process

waqf property endowment became difficult¹⁰. These, somehow, discouraged *waqf* property endowment among Malay *Muslims* until the present day.

To overcome this problem, the idea of cash *waqf* was mooted with the hope that it would encourage individual giving behavior. Cash *waqf* is a type of *waqf* where the original capital consists of cash or money (Cizacka, 2000). The introduction of cash *waqf* in early fifteenth century opened a new insight for *waqf* development, specifically to encourage *Muslims* giving behavior. Many *waqf* institutions, for instance, in Syria, Egypt, India, Singapore and Malaysia embraced the idea of cash *waqf* which seems to have great potential and benefit (Mohsin, 2009).

For instance, cash *waqf* is perceived as a sources of fund in the Islamic economy. It can serve as a financial tool for the *Muslim ummah*. The return obtained from cash *waqf* can be channeled into a public project, for example, building schools, mosques, bridges, providing food, etc. (Cizacka, 2000). Moreover, cash *waqf* is easy and flexible¹¹ (Kuran, 2001). It is not restricted to any law¹² which would prevent anyone from giving cash *waqf*. Anybody can endow cash *waqf* as much as he wishes. Furthermore, cash *waqf* carries the least burden and procedure, such as, it does not require much documentation¹³ (Mahamood, 2011). In addition, cash *waqf* comes as a great solution to the liquidity problem faced by many *mutawallis* in developing *awqaf* properties and assets (Meera, 2013). Therefore, cash *waqf* opens a wide opportunity for *Muslims* especially in Malaysia to be involved in this practice.

and some difficulties are being encountered due to the placement of the council directly under the Sultan of each state.

¹⁰ Another impediment pertains to the illegal settlement in *waqf* lands. When such settlement do occur, there is little co-operation between the trustee, the Majlis and the authorities.

¹¹ Cash *waqf* provides liquidity and option for instance, it can be used for property investment or buying *sukuk* in market.

¹² For *waqf* of property such as land, it is restricted to the National Land Code 1965

¹³ For example, document of transfer of ownership of *waqf* by *waqif*/founder

Malaysia is considered among the few countries which have great potential for cash *waqf* giving. For example, it has a huge resource balance¹⁴. According to the world economic outlook, Malaysia had a resource balance of 7.4% of its Gross National Product in year 2012. (World Economic Outlook, 2012). According to Alias, (2011), this suggests that the potential for Malaysia to increase its aggregate consumption through more philanthropic or cash *waqf* giving is enormous.

Table 1.1 Summary of Sources and Uses of World Saving

Country	Sources and Uses of World Saving	2012
Advance Economic, United State	GDP	15684.8
	Saving	13.1
	Investment	16.2
	Resources Balance	-3.7
Developing Economic, Turkey	GDP	789.3
	Saving	33.3
	Investment	32.1
	Resources Balance	1.8
Commonwealth Country, Malaysia	GDP	303.53
	Saving	27.9
	Investment	23.6
	Resources Balance	7.4

Sources: World Economic Outlook, (2012)

Table 1.1 shows a summary of sources and uses of world saving between the advanced economy countries, such as the United States and developing economy countries such as Turkey, and Commonwealth countries, such as Malaysia. The table shows that Malaysia's resource balance is higher at 7.4% of its National Gross Product as compared to the United States and Turkey which have lower resource

¹⁴ Aggregate savings in excess of aggregate investment