

THE PERCEPTION AND AWARENESS OF CASH
WAQF FINANCING FOR MICRO, SMALL AND
MEDIUM ENTREPRENEURSHIP DEVELOPMENT
IN EDO STATE, NIGERIA

BY

SHERIFAH OSHIOKE MUSA

A Dissertation Submitted in Fulfilment of Requirement
for the Degree of Doctor of Philosophy in Business
Administration

KULLIYAH OF ECONOMICS AND MANAGEMENT
SCIENCE
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

MARCH 2019

ABSTRACT

This dissertation analyzes micro, small and medium entrepreneurship inadequate funding and its development with the use of cash waqf as a financing mode. Nigeria is a developing country which is presently faced with the problems of inadequate funding and high lending rates available to micro entrepreneurs. Amongst other measures by the government to achieve its developmental goals is entrepreneurship development. The entrepreneurship are expected to improve and increase the country's gross domestic product (GDP), increase the country's wealth, create more job opportunities and in overall improve the socio economic conditions of the people. However, this is not easily achievable because of issues such as inadequate funding and high lending rates available to entrepreneurs. The main objective of the research is to propose a model of cash waqf as an alternative for micro entrepreneurship funding in Nigeria. This study utilize survey and interview as a mixed method measure of data collection to achieve its objectives. The Structural Equation modelling (SEM) is used as a statistical tool and complemented with a qualitative data analysis in order to develop a model of cash waqf. Results show that micro entrepreneurs and government authorities in Edo state Nigeria intentions, is to patronize cash waqf for its benefits if available to achieve perceived micro entrepreneurship development. So also, the use of cash waqf as a financing mode for business growth would not be affected by low cash waqf awareness and religiosity. This study gives significance contribution to entrepreneurs in Nigeria, utilizing the medium of cash waqf to assist them in terms of financial matters.

ملخص البحث

أطروحة المشاريع الصغيرة والمتناهية الصغر والتمويل غير الكافي وتطورها مع استخدام الوقف النقدي كوسيلة للتمويل. نيجيريا بلد نام يواجه حالياً مشاكل التمويل غير الكافي ومعدلات الإقراض العالية المتاحة لأصحاب المشاريع الصغيرة. ومن بين التدابير الأخرى التي تتخذها الحكومة لتحقيق أهدافها التنموية ، تطوير الأعمال التجارية. ومن المتوقع أن تؤدي روح المبادرة التجارية إلى تحسين وزيادة الناتج المحلي الإجمالي للبلد ، وزيادة ثروة البلد ، وخلق المزيد من فرص العمل ، وتحسين الأوضاع الاجتماعية الاقتصادية للشعب بوجه عام. ومع ذلك ، فإن هذا لا يمكن تحقيقه بسهولة بسبب قضايا مثل عدم كفاية التمويل ومعدلات الإقراض المرتفعة المتاحة لأصحاب المشاريع. الهدف الرئيسي من البحث هو اقتراح نموذج للوقف النقدي كبديل لتمويل المشاريع الصغيرة في نيجيريا. تستخدم هذه الدراسة المسح والمقابلة كإجراء مختلط لجمع البيانات من أجل تحقيق أهدافها. تستخدم نمذجة المعادلات الهيكلية (SEM) كأداة إحصائية وتستكمل بتحليل بيانات نوعي من أجل تطوير نموذج من الوقف النقدي. تشير النتائج إلى أن أصحاب المشاريع الصغرى والسلطات الحكومية في نوايا نيجيريا في ولاية إيدو ، هو رعاية الوقف النقدي لفوائده إذا كان متاحاً لتحقيق تنمية المشاريع الصغيرة المدركة. كذلك ، فإن استخدام الوقف النقدي كطريقة تمويل لنمو الأعمال لن يتأثر بوعي الوقف النقدي المنخفض والتدين. تقدم هذه الدراسة إسهاماً هاماً لرواد الأعمال في نيجيريا ، باستخدام وسيط الوقف النقدي لمساعدتهم في الأمور المالية.

APPROVAL PAGE

The dissertation of Sherifah Oshioke Musa has been approved by the following:

Marhanum Che Muhammad Salleh
Supervisor

Adewale Abideen
Co-Supervisor

Dzuljastri Bin Abdul Razak
Co-Supervisor

Siti Salawami Razali
Internal Examiner

Mashitoh Mahamood
External Examiner

Shahidah Shahimi
External Examiner

Radwan Jamal Yousef Elatrash
Chairman

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.

Sherifah Oshioke Musa

Signature.....

Date

INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

**DECLARATION OF COPYRIGHT AND AFFIRMATION OF FAIR USE
OF UNPUBLISHED RESEARCH**

**The Perception and Awareness of Cash Waqf Financing for Micro, Small and Medium
Entrepreneurship Development in Edo State, Nigeria**

I declare that the copyright holder of this dissertation are jointly owned by the student and IIUM.

Copyright © 2018 Sherifah Oshioke Musa and International Islamic University Malaysia. All rights reserved.

No part of this unpublished research may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without prior written permission of the copyright holder except as provided below

1. Any material contained in or derived from this unpublished research may be used by others in their writing with due acknowledgement.
2. IIUM or its library will have the right to make and transmit copies (print or electronic) for institutional and academic purposes.
3. The IIUM library will have the right to make, store in a retrieved system and supply copies of this unpublished research if requested by other universities and research libraries.

By signing this form, I acknowledged that I have read and understand the IIUM Intellectual Property Right and Commercialization policy.

Affirmed by Sherifah Oshioke Musa

.....
Signature

.....
Date

I dedicate this thesis to my dear Family and well wishers

ACKNOWLEDGEMENTS

Bismillahirrahmaannirrahim,

All praise is due to Almighty Allah without Whose help, this thesis would not have reached this stage. I would like to express my most sincere appreciation and gratitude to Asst. Prof. Dr. Marhanum Che Mohd Salleh and Assoc. Prof. Dr. Abideen Adewale for their advice, guidance, suggestions, critical comments and supervision throughout the course of this study. I acknowledge their warm support in the preparation and writing of this thesis.

I am grateful to all my friends, Dr. Mrs Abideen Adewale, my colleagues at the female post graduate lab, class mates, and to all whose names are not mentioned, but contributed to the success of this research.

I wish to express my deep gratitude to my parents, Mr. & Mrs. Musa, Mr. & Mrs. Eedriss Deji, and family Dr. Mahdi Braimah Ahmad, Hanifah Musa, Bashir Musa, my inlaws whose help and assistance pave way for the success of this research. My gratitude and blessings to my children Fawziyyah Eedriss, Muhammad Faiz Eedriss, Fareed Abdulwahab Eedriss they inspire me. Finally, my profound gratitude to my lovely husband, Engr.Dr. Abdulwahab Deji for his endless Love, Support, Motivations and sense of humor.

TABLE OF CONTENTS

Abstract.....	ii
Abstract in Arabic.....	iii
Approval Page.....	iv
Declaration.....	v
Copyright Page.....	vi
Acknowledgements.....	vii
List of Tables.....	xi
List of Figures.....	xiii
CHAPTER ONE.....	1
INTRODUCTION.....	1
1.1 Research Background.....	1
1.2 Problem Statement.....	5
1.3 Research Questions.....	7
1.4 Research Objective.....	8
1.5 Scope Of Research.....	9
1.6 Significance Of Research.....	10
1.7 Organization Of Research.....	11
1.8 Chapter Summary.....	12
CHAPTER TWO.....	13
LITERATURE REVIEW.....	13
2.1 Introduction.....	13
2.2 Entrepreneurship Development.....	13
2.3 <i>Waqf</i> For Development.....	20
2.4 Theory Of Planned Behaviour (Tpb).....	23
2.5 Cash <i>Waqf</i> Awareness.....	24
2.6 Act Of Religiousity On Intentions.....	25
2.7 Summary Of Literature Reviewed.....	26
2.8 Chapter Summary.....	30
CHAPTER THREE.....	31
MICRO, SMALL AND MEDIUM ENTERPRISES IN NIGERIA.....	31
3.1 Introduction.....	31
3.2 Entrepreneurship In Nigeria.....	31
3.3 Micro Entrepreneurship In Nigeria.....	34

3.4 Challenges Of Entrepreneurship In Nigeria	36
3.4.1 Lack Of Credit Facilities.....	36
3.4.2 Poor Condition Of Infrastructure	37
3.4.3 Multiple Taxation.....	37
3.4.4 Corrupt Practices.....	38
3.4.5 Inconsistent Government Policies.....	38
3.4.6 Lack Of Awareness And Low Standard Of Education	38
3.4.7 Religious And Ethnicity Problems.....	39
3.4.8 Insecurity Problems	40
3.4.9 Lack Of Enforcement Of Nigeria Patent Law	40
3.4.10 Lack Of Patronage For Domestic Products	40
3.4.11 Slowness in the Bureaucratic and Administrative Processes.....	41
3.4.12 Time Perception Gap between Academia and Entrepreneur	41
3.4.13 Asymmetrical Behavior in Information Protocols.....	41
3.4.14 Lack of Link between Academia and Entrepreneurs	42
3.4.15 Diverging Interest and Entrepreneurial Behavior	42
3.4.16 Lack Hierarchical Relationship in the Bureaucracy	43
3.4.17 Fragility of the Ties between the Players.....	43
3.5 Edo state and micro entrepreneurship	44
3.6 Challenges of micro entrepreneurship in Edo state Nigeria	45
3.7 Availability of Funds for Micro Entrepreneurs in Nigeria	46
3.8 The Role of Government in Entrepreneurial Development in Nigeria	49
3.8.1 The Nigerian Industrial Development Bank (NIDB).....	49
3.8.2 Industrial Development Centers	49
3.8.3 Second Tier Securities Market.....	50
3.8.4 World Bank MSME I AND II Loan Schemes	50
3.8.5 NERFUND (National Economy Reconstruction Fund)	50
3.8.6 People’s and Community Banks	51
3.8.7 Fiscal and Monetary Policies	51
3.8.8 National Poverty Eradication	51
3.8.9 The Nigerian Agricultural and Rural Development Bank	52
3.8.10 Establishment of Entrepreneurship Development Centers	52
3.9 Entrepreneurial Opportunities in Edo State.....	53
3.9.1 Catfish and Poultry Farming.....	54
3.9.2 Sewing of Clothes Wears.....	54
3.9.3 Making of Specialized Uniforms	55
3.9.4 Inland Water Way Transport	55
3.9.5 Haulage and Logistics.....	56
3.9.6 Online Haulage and Logistics	56
3.9.7 Out-Sourced Bus Service	57
3.9.8 Information and Communication Technology Software Development and Applications	58
3.9.9 Cyber café	58
3.9.10 ICT on Security and Crime Control.....	59
3.9.11 Hawking and Street Food Sales	60
3.9.12 E-Services	61

3.9.13 Schools	61
3.9.14 Seminars	62
3.9.15 Learning Centre	62
3.9.16 Training Centers.....	63
3.10 The Role of Entrepreneurship in National Development	63
3.10.1 Economic Development.....	65
3.10.2 Employment Opportunities	65
3.10.3 Improvement in the Standard of Living through Innovation.	66
3.10.4 Reduction in Rural-Urban Drifts	67
3.10.5 Development of Local Technological Base	67
3.10.6 Conservation of Foreign Exchanges:	68
3.11 Sources of Business Financing for Entrepreneurs in Nigeria.....	68
3.11.1 Owner's Equity	69
3.11.2 Loans	69
3.11.3 Grants	72
3.11.4 <i>Waqf</i> as financing tool for entrepreneurship	72
3.12 Entrepreneurs Accessibility to Institutional Credit Facility	73
3.13 Chapter Summary	74

CHAPTER FOUR..... 75

CASH WAQF CONCEPT AND FINANCING 75

4.1 Introduction	76
4.2 The Concept Of Cash <i>Waqf</i>	76
4.3 The Legitimacy And Practice Of <i>Waqf</i>	79
4.3.1 Components Of <i>Waqf</i>	81
4.3.2 Categories Of <i>Waqf</i> From The Perspective Of Its Purpose	81
4.3.3 Categories Of <i>Waqf</i> From The Perspective Of Its Output	82
4.4 The Legitimacy And Concept Of Cash <i>Waqf</i> Practice	83
4.5 Cash <i>Waqf</i> As A Model For Development.....	83
4.6 Cash <i>Waqf</i> An Act Of Sadaqqa (Charity).....	84
4.7 The Importance Of Cash <i>Waqf</i>	85
4.8 Components In Cash <i>Waqf</i>	86
4.8.1 Cash <i>Waqf</i> Donors/Benefactor.....	86
4.8.2 Cash <i>Waqf</i> Trustee	87
4.8.3 Cash <i>Waqf</i> Beneficiaries	88
4.9 Existing Models Of Cash <i>Waqf</i> Proposed By Contemporary Researchers	88
4.10 Types Of Cash <i>Waqf</i> Models In Selected Countries	91
4.11 Cash <i>Waqf</i> Certificate Model Or <i>Waqf</i> Shares Model - Bangladesh.....	91
4.11.2 Deposit Cash <i>Waqf</i> Model - Malaysia	94
4.11.3 Compulsory Cash <i>Waqf</i> Model - Singapore.....	95
4.11.4 Deposit <i>Waqf</i> Product Model - Bangladesh.....	96
4.11.5 Co-Operative Cash <i>Waqf</i> Model- Uzbekistan.....	97
4.11.6 Corporate Cash <i>Waqf</i> Model - Malaysia, India, Pakistan, Turkey, And Bangladesh.....	97
4.12 Various Alternatives Of Cash <i>Waqf</i> Management For Entrepreneurs	98

4.12.1 Cash <i>Waqf</i> Murabaha Capital Investment Method	100
4.12.2 Cash <i>Waqf</i> Mudarabah Capital Investment Method	100
4.12.4 Cash <i>Waqf</i> Istisna Capital Investment Method	101
4.12.3 Cash <i>Waqf</i> Musharakah Capital Investment Method.....	102
4.13 Cash <i>Waqf</i> Scheme For Msme’s Financing.....	103
4.13.1 Cash <i>Waqf</i> Financing Method For Micro Entrepreneurs In Edo State Nigeria	104
4.13.2 Potential Cash <i>Waqf</i> Capital Investment Method In Edo State	108
4.14 Cash <i>Waqf</i> As A Loan To Msme Entrepreneurs In Edo State	113
4.14.1 Proposed Modus Operandi For Cash <i>Waqf</i> Loan Repayment By Entrepreneurs In Edo State	114
4.15 Benefits Of A Cash <i>Waqf</i> Scheme For Msme Entrepreneurs In Edo State	117
4.16 Possible Challenges Of A Cash <i>Waqf</i> Scheme In Edo State	118
4.17 Proposed Action Plan For Possible Challenges Of Cash <i>Waqf</i> In Edo State	119
4.18 Chapter Summary	120

CHAPTER FIVE 121

RESEARCH METHODOLOGY 121

5.1 Introduction	121
5.2 Research Design	122
5.3 Research Philosophical View	122
5.3.1 Mixed Method Approach.....	123
5.3.1.1 Quantitative Data Collection.....	124
5.3.1.2. Quantitative Data Analysis	125
5.3.1.3 Qualitative Data Collection.....	127
5.3.1.4 Interview Process	127
5.3.1.5 Qualitative Data Analysis	127
5.3.1.6 Transcription Process.....	128
5.4 Related Qur’an Verses.....	128
5.5 Underlying Theories	129
5.5.1 Schumpeter Theory Of Economic Development And Entrepreneurship	129
5.5.2 Theory Of Planned Behavior (Tpb)	130
5.5.3 Theories On Religiosity	133
5.6 Theoretical Framework.....	134
5.7 Perceived Micro Entrepreneurship Development (Dependent Variable).	136
5.8 Hypotheses Development	136
5.8.1 Cash <i>Waqf</i> Awareness In Nigeria	136
5.8.2 Religiosity And Entrepreneurs Cash <i>Waqf</i> Intentions	139
5.9.3 Attitude Towards Cash <i>Waqf</i>	140
5.8.4 Subjective Norms	141
5.8.5 Perceived Behavioral Intention.....	142
5.8.6 Entrepreneur Cash <i>Waqf</i> Intention.....	143
5.8.7 Perceived Micro Entrepreneurship Development.....	143

5.8.9 Theory Of Planned Behavior And Micro Entrepreneurship Development	144
5.8.10 Cash <i>Waqf</i> Intention As A Mediator.....	145
5.9 Research Hypotheses.....	146
5.10 Study Area.....	148
5.12 Study Population.....	148
5.13 Data Source And The Instrument	149
5.14 Sample Size	149
5.14.1 Quantitative Sample Size.....	149
5.14.2 Qualitative Sample Size.....	149
5.15 Designing Of Survey Questions	150
5.15.1. Demographic Information.....	151
5.15.2 Entrepreneurs' Behavior	151
5.15.3 entrepreneur's Intention	151
5.15.4 Summary Of Statistical Analysis	151
5.16 Measurement Items For Questionnaire.....	152
5.17 Pilot Study	155
5.18 Chapter Summary	156
CHAPTER SIX	156
DATA ANALYSIS AND RESULTS	156
6.1 Introduction	156
6.2 Section A: Quantitative Analysis	157
6.2.1 Preliminary Data Analysis	157
6.2.2 Response Rate.....	165
6.2.3 Descriptive Analysis	165
6.2.4 Exploratory Factor Analysis	170
6.3 Analysis And Results Of Exploratory And Confirmatory Factor Analysis.....	171
6.3.2 One-Way Between Groups Anova With Post-Hoc Tests	181
6.3.3 Confirmatory Factor Analysis (Cfa)	185
6.4 Section B: Interview Process.....	201
6.4.1 Data Interpretation	202
6.4.2 Demographic Information Of Interviewees	202
6.4.3 Cash <i>Waqf</i> Awareness.....	203
6.4.4 Religiosity	205
6.4.5 Cash <i>Waqf</i> Intention.....	206
6.4.6 Perceived Micro Entrepreneurship Development	208
6.5 Chapter Summary	211
CHAPTER 7	212
DISCUSSION AND CONCLUSION	212
7.1 Introduction	212
7.2 Summary Of Research Findings & Discussions.....	212
7.2.1 Objective One (A).....	213

7.2.2 Objective One (B)	213
7.2.3 Objective One (C)	215
7.2.4 Objective One (D)	215
7.2.5 Objective One (E)	216
7.2.6 Objective One (F)	216
7.2.7 Objective Two.....	217
7.2.8 Objective Three.....	217
7.2.9 Objective Four	218
7.2.10 Objective Five.....	219
7.2.11 Objective Six.....	219
7.3 Research Contributions.....	221
7.4 Research Limitations	222
7.5 Suggestions For Future Research	223
7.6 Conclusions	224
BIBLIOGRAPHY	225
PUBLICATIONS.....	236
APPENDIX 1 DESCRIPTIVE ANALYSIS BOXPLOT	237
APPENDIX 2 DESCRIPTIVE ANALYSIS Q-Q PLOT.....	239
APPENDIX 3: COMMUNALITIES	240
APPENDIX 4: FACTOR LOADING OF ITEMS IN EXPLORATORY FACTOR ANALYSIS	241
APPENDIX 5: CFA MODEL PARAMETER ESTIMATES COVARIANCE	242
APPENDIX 6: CFA MODEL PARAMETER ESTIMATES VARIANCES	243
APPENDIX 7: MULTIPLE COMPARISONS ON RELIGIOUS LEVEL.....	245
APPENDIX 8: MULTIPLE COMPARISONS ON AWARENESS LEVEL	246
APPENDIX 9: CODING TEMPLATE	247
APPENDIX 10: THEME AND SUBTHEME.....	263
APPENDIX 11: QUESTIONNAIRE	264

LIST OF TABLES

Table 2. 1 Summary of Major Literatures	27
Table 3.1 Total number of business registered in Nigeria from 1980 to 2010	32
Table 3. 2 Type of businesses and their employment in Nigeria	34
Table 5. 1 Questionnaire Development Process	150
Table 5. 2 Research and method of analysis	152
Table 5. 3 Total number of measurement items	153
Table 5. 4 Research survey questions	153
Table 6. 1 Trimmed Mean for Cash waqf awareness	160
Table 6. 2 Reliability Statistics	161
Table 6. 3 Result of Reliability Analysis	161
Table 6. 4 Respondents Demographic Information	169
Table 6. 5 Descriptive Analysis for Awareness	173
Table 6. 6 Descriptive Analysis for Religiosity	174
Table 6. 7 Descriptive Analysis for Attitude Towards Cash Waqf	175
Table 6. 8 Descriptive Analysis for Subjective Norm	175
Table 6. 9 Descriptive Analysis for Perceived Behavioral Control	176
Table 6. 10 Descriptive Analysis for Cash Waqf Intention	177
Table 6.11 Descriptive Analysis for Perceived Micro Entrepreneurs Development	178
Table 6. 12 Descriptive Analysis for Measurement Items	179
Table 6. 13 ANOVA Awareness Level and Religious Level	183
Table 6. 14 Descriptive result of Awareness level and Religiosity level	183

Table 6. 15 Cut of Value for fit Indices	186
Table 6. 16 Cutoff Criteria for Fit Indexes in Covariance Structure Analysis	187
Table 6. 17 SEM Measurement Model Fit Parameters	189
Table 6. 18 Reliability and Validity of the constructs	190
Table 6. 19 Covariances: (Group number 1 - Default model)	195
Table 6. 20 Regression Weights: (Group number 1 - Default model)	198
Table 6. 21 Measurement Model Estimates for Mediator	199
Table 6. 22 Hypotheses statement and result of data analysis	200

LIST OF FIGURES

Figure 1 Object of waqf in Islamic jurisprudence	78
Figure 2. Cash waqf: Fund raising, Investment and Financing	88
Figure 3 Cash waqf certificate model	94
Figure 4 Deposit cash waqf model	95
Figure 5 Compulsory cash waqf model	96
Figure 6 Deposit waqf product model	97
Figure 7 Cooperative cash waqf model	97
Figure 8 Corporate cash waqf model	98
Figure 9 Proposed cash waqf model in Nigeria	116
Figure 10 Quantitative data analysis procedure	127

CHAPTER ONE

INTRODUCTION

1.1 RESEARCH BACKGROUND

Entrepreneurs are known as innovators who facilitate a country's economic growth (Volery & Mazzarol, 2015). They are visionary and often with great leadership qualities. They work for the well-being of the society. They involve in activities of innovation, incubation, invention, risk taking, creativities in making businesses for the wellbeing of the societies and mankind in general (Ssewamala, Sperber, Zimmerman, & Karimli, 2010). Schumpeter introduced the concept of innovation and power in describing entrepreneurship role. He believed that entrepreneurs bring change through the introduction of new technological processes or products. He further argued that only certain extraordinary people have the ability to be entrepreneurs and they bring about extraordinary events. Entrepreneurship can be done on a micro, small, medium and large scale with absolute creative ideas in a niche area for a possible business opportunity that may not be seen by many as a viable business to operate (Schumpeter, 2005). On this note, the size of Micro, Small, Medium Entrepreneurs (MSMEs) in Nigeria, can be defined on the basis of the numbers of employees. Small scale businesses have employees ranging from 11 to 100. Meanwhile, micro scale businesses have employees ranging from 1 to 10 while for Medium enterprises, 101 to 300 employees. The medium scale is between a small-scale business and large-scale business (Imeokpara, 2014).

Interestingly, MSME businesses have contributed to the economy not only in innovations but also in job creation especially for women in economically distressed areas such as in the United States of America (USA) (Taylor, 2007). This was supported by Schumpeter theory of

entrepreneurship and economic development. Over the years this theory has been proven significant by highly developed countries which including USA (Schumpeter, 1934).

In Nigeria, MSMEs are mostly involve informal sector or self-employed businesses. They contribute greatly to the micro economics of the country. These micro entrepreneurs earn income from their business on daily or monthly basis to sustain their lives and that of their immediate family members. However, they faced many challenges such as poor credit facilities, poor state of infrastructures, corruption, inconsistent government policies, multiple taxation, security issues, lack of enforcement of the Nigeria Patent laws, political and religious issues (Adaramola, 2013). Apart from this underlying derogatory challenges, it is also facing low entrepreneur alertness, awareness and business activities. Amongst all other problem faced by the micro entrepreneur, the lack of financing for their businesses is the most persistent. All of these challenges especially on the financial aspect has hindered entrepreneur growth and success in the country (Obaji, 2014).

In light of this, the Nigeria government have made efforts to support the micro entrepreneurs. Amongst their initiatives on economic development is micro financing for entrepreneurs, low interest rate on loans (Ebiringa, 2012), creation of Industrial Development Centers (IDCs), creation of Second Tier Securities Market (STSM), World Bank SME I and II Loan Scheme, National Economy and Reconstructure Fund(NERFUND), Community and People's bank, Fiscal and Monetary Policies, such as Income tax relief act, Export Duty Relief and Capital Allowance to aid Capital formation (Adaramola, 2013). The government has also supported and promoted entrepreneurship culture through workshops, establishment of bodies such as Small and Medium Enterprise Association of Nigeria (SMEDAN), introduced entrepreneurship studies to be taught in Nigeria educational system, provision of grants, direct

subsidies, tax incentives or government procurement. Although this efforts to financially boost the micro entrepreneurs in the country, most of the setbacks such as inadequate funding still plaques MSMEs development in the country (Muhammad, 2010).

In this respect, it shows that micro enterprises in Nigeria have hardly received significant funding from financing institutions such as banks (NESG, 2002). Amongst the reasons why the banks consider micro enterprises as risky businesses are; lack of collateral, insufficient documents to support their loan application and have no financial track records (Nurbani, Yeow, Noor Ashikin, & Chin, 2011). In addition, micro entrepreneurs are scared to seek bank loans because of their strict requirements.

In this regard, a possible means of financing of anon interest based is Islamic financing (Wardiwiyono, 2012). Islamic financing is an alternative to manage socioeconomic situations in a country. Islamic approach towards ethics, wealth distribution, social and economic justice is governed by the goals, principles and values of the Sharia law. Islamic financial system underlying principles are supported by various verses in the Quran, for example the prohibition of *riba* (Quran 2:278-279), encouraging risk sharing (Quran 2:275), protection of individual property rights, carrying out lawful trade (Quran 2:275), and the establishment of *waqf* (Quran 21:73). Amongst the Islamic social finance platforms, *Waqf* has greatly become an Islamic financial tool for socioeconomic development. *Waqf*, is an Islamic voluntary sector. It is the appropriation of any property from private ownership and the dedication of its usufruct to charitable purposes. Its significance arises out of its centrality to the Islamic principle of charity (*zakat*). *Waqf* practices is supported by the following verses;

“Indeed, the men who practice charity and the women who practice charity and [they who] have loaned Allah a goodly loan - it will be multiplied for them, and they will have a noble reward” (Quran 57:18).

This verse depicts that by spending in charity, the wealth does not decrease rather it increases (Sahih al-Bukhari vol.9, Book 93, Hadith 587). In other words, whatever costs that is pushed unto the society comes back as greater benefits. Islam teaches its followers that human beings are not the owners of wealth; they are only trustees, so they are expected to spend it for good cause. This principle has continued to guide the Muslims to ensure the equitable distribution of wealth. The fundamentals of social economic activities of *Zakat*, and the establishment of *waqf*, has supported the social, economic and cultural development of the Muslim societies and countries.

Cash *waqf* can be used to address the main issue of lack of financing for entrepreneurs in Nigeria. This can help them to attain a better starting point compared to their present situation in Nigeria. However, the use of cash *waqf* for business activities is unfamiliar especially within the Edo state of Nigeria. Hence, the possibility of its implementation as an alternative source of financing for the micro entrepreneurs in Edo state is centered on the perception about *waqf* by the micro entrepreneurs and the state authority. Though cash *waqf* operation for socio economic development has been successful in other parts of the world but the situation might be different in Edo state of Nigeria. This is because the state is a non-Muslim dominated state and there could be a low awareness of cash *waqf* and its benefits to the society at large.

In view of this, the Theory of Planned Behavior (TPB) shows that human performance is influenced by three kinds of considerations: beliefs about the likely consequences of the behavior (behavioral beliefs), beliefs about the normative expectations of others (normative beliefs), and beliefs about the presence of factors that may facilitate or impede performance of the behavior (control beliefs). Given a sufficient degree of actual control over the behavior, people are expected to carry out their intentions when the opportunity arises. Intention is thus assumed to be the immediate antecedent of behavior. On this note, the intention of the study is

set towards the usage of cash *waqf* in businesses in which can be influenced positively or negatively by awareness, attitude toward the act, subjective norm, and perception of behavioral control (Icek Ajzen, 1991).

The study focuses on the perception and the model of cash *waqf*, in an effort offering it as an alternative source of financial support to micro entrepreneurs in Edo state and Nigeria at large. The study also covers the demand side (demand for cash *waqf* fund) and the supply side (suppliers of cash *waqf* funds, financiers, institutions and authorities). In due course of the research, the study has also shed some light on micro entrepreneurship in chapter three followed by *waqf* in Nigeria in chapter four. Details on the issues that arise related to the entrepreneur development in Nigeria are also discussed in chapter three.

1.2 PROBLEM STATEMENT

The impediments to micro entrepreneur's development in Nigeria specifically in their funding has given reasons to look into alternative measures of financing the micro entrepreneurs in Nigeria.

In addition, the Nigeria government's strategies to support micro entrepreneurs in order to achieve the country's aforementioned developmental goals have not been adequately effective. Inadequate funding's creates lots of bottle necks for their effort. The government funding support for entrepreneurs is limited, thereby making it difficult for micro entrepreneurs to get finances to startup their businesses, difficulty in attaining sustainability or to further expand their businesses. This has not only caused recurring financial problems to the entrepreneurs but also impede the entrepreneurship development in the country.

Furthermore, the high lending rates offered by banks or other financial institutions will discourage the micro entrepreneurs from applying any finances. It is reported, that in 2014 bank lending interest rate in Nigeria was 27 percent per year (Business Africa, 2015). This shows why most often than not entrepreneurs who subscribe to the bank loans are always faced with bigger challenges of paying back their loans.

Apart from the high funding interest rate, micro entrepreneurs have limited or no access to bank loans unlike their macro entrepreneurs. This is because most they are not eligible to get bank loans due to their poverty, illiteracy and inability to produce a bank loan collateral which is a requirement for a bank loan.

In Nigeria the unemployment rate is a major concern. Nigerian population is estimated to be 170 million and 70 percent (119 million) of the population is the working age group in the country. However, 23.9 percent of the 70 percent (28.4 million) of working age Nigerians are unemployed (Nigeria Bureau of statistics 2011). In view of this, the number of graduate from Nigeria universities yearly is approximately 1 million (Nigeria National university commission data 2014), and this graduates can become micro entrepreneurs if there were enough business facilities made available for them to explore. However majority of this graduate opt to remain unemployed as there is no support and avenue for them to be entrepreneurs (Gbandi & Amissah, 2014). The aftermath effect of the aforementioned financial and non-financial support to the ever-seeming graduates create insecurity to the country. Overtime, without adequate and effective tools put in place to address these unemployment problems which contribute to low production output, poor standard of living, low income per capita, and economic volatility can result to problems such as brain drain and other security problems such as stealing, kidnapping, and assassination.

Besides that, the conventional bank with high loan interest rate mode of financing has been a challenge to the Muslims minority in the state that wants to practice their religious right for business start-up and expansion. Thus, this necessitated the need for the alternative measures using cash *waqf* model.

Apart from adopting the conventional means of funding, this researched alternative source of funding such as cash *waqf* can be utilized for entrepreneurship advancement in the country. Although, previous researches have proved that *waqf* can be used for poverty alleviation and for education advancement in Nigeria (Muhammad, 2010), still it has not been proven to be utilized in the context of entrepreneurship advancement in the country. Hence, this research focusses on how cash *waqf* can be used to cater for entrepreneurship funding issues in Nigeria, especially in Edo state. The next section will address the research questions.

1.3 RESEARCH QUESTIONS

The following research questions has been addressed by this research.

1. What is the level of Cash *waqf* awareness, religiosity, and attitude towards cash *waqf*, subjective norms, cash *waqf* intentions and perceived micro entrepreneurship development?
2. What is the perception of entrepreneurs in Edo state Nigeria on cash *waqf* usefulness for perceived entrepreneurship development
3. What is the relationship between attitude towards the act, subjective norms, perceived behavioral control, cash *waqf* intentions and perceived entrepreneurship development?
4. What is the mediating effect of cash *waqf* intention on the followings;
 - a. Cash *waqf* awareness and entrepreneurship development