

POSSIBILITIES ON CONCEPT OF WAQF MECHANISM IN DEVELOPING THE ENTREPRENEURSHIP ACTIVITIES

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Abstract: Entrepreneurship development has been greatly discussed by various parties especially among the economic experts. It can not be denied that entrepreneurship activities became attractive by the society in Malaysia especially in low income families because the capital for start up is not too much compared by the business. Many programmes were introduced by the government of Malaysia to help entrepreneurs in their business. However, there is a mechanism that also can help entrepreneurs in developing their business which is through waqf. Through the waqf mechanism, it will be an alternative way to help entrepreneurs in their business to generate their income, assist in the growth of their business, and also bring employment opportunities for society. This conceptual paper aims to explain further on the concepts of waqf and some roles that waqf can play in developing entrepreneurship activities.

Keywords: *entrepreneurship, waqf*

INTRODUCTION

Entrepreneurship activities are one of the important sectors that can contribute to socio-economic development. According to Musa and Salleh (2018) entrepreneurs can be a micro, small, medium or a large-scale business owner and on the macro-level, a new and small businesses did not just contribute significantly to job creation, but also in innovation and economic growth.

The entrepreneurship development in Malaysia is rooted in the basic trading activities that were in practice prior to its independence in 1957 (S. Abdullah & Muhammad, 2008). In Malaysia, the Ministry of Entrepreneur Development and Cooperatives (MEDAC) was established by the government in the vision to make Malaysia a superior entrepreneurial country that is united, prosperous and dignified (www.medac.gov.my). Table 1 shows the entrepreneurs that were registered with MEDAC followed by the states and year.

Table 1: Number of register's users followed by states and year.

States/Year	2015	2016	2017	2018	2019
Johor	2373	4239	2381	1247	1321
Kedah	1248	2403	1220	628	344
Kelantan	1041	1555	1371	515	515
Melaka	527	955	1110	386	242
Negeri Sembilan	695	1320	1119	473	285
Pahang	930	1765	1067	538	294
Pulau Pinang	1196	2218	1078	652	332
Perak	1490	2864	1677	784	488
Perlis	141	293	178	71	41
Selangor	3552	6555	4123	2177	1675
Terengganu	727	954	685	377	261
Sabah	2058	3194	2501	948	538
Sarawak	1756	2151	1615	717	660
W.P Kuala Lumpur	1675	2623	1956	923	567
W.P Labuan	57	99	63	18	14
W.P Putrajaya	55	75	52	25	23

Sources: Ministry of Entrepreneur Development and Cooperatives (MEDAC)

Nowadays, entrepreneurship activities are getting interested by the society in Malaysia. However, based on Ahmad and Xavier (2012) in their finding shows that Malaysia is still lower than in other parts of developing countries in the contexts of the number in early-stage entrepreneurial activities. They also state that there are five important factors that contribute to those obstacles which are bureaucracy, inadequate financial support, and inadequacy of entrepreneurial training, inconsistency of government policies and lack of entrepreneurial education at tertiary level. Therefore, to assist entrepreneurs in developing their business, there are many programs that were introduced by the government and other related organizations to help them. Other than that, there is another alternative that can also assist entrepreneurs which is by using the waqf mechanism.

Waqf can be classified as one of the sources in the Islamic economy and waqf has a big potential in developing the socio-economic in a country. This was supported by Salarzahi et al. (2010) which is by realizing a comprehensive method on waqf, it can be more effective in eliminating poverty programs. According to Alam et al. (2018) waqf can be a desirable model on welfare services in the sectors of education, healthcare, environment, social welfare and other community-based programs. For example, waqf property can be a financial source for the government if it is properly administered and managed in good faith. Besides that, Hartini et al., (2015) in their study also state that waqf can help in controlling unsustainable debt as for waqf to finance public expenditures or at least part of it. Thus, waqf mechanism is important and it plays a significant role especially in Muslim community. The awareness of the requirement to adopt the

practices of waqf among society is important since it can help and support the poor, needy people, charitable, educational and religious foundations.

According to Chabbal (2020) both waqf and entrepreneurship are designed to facilitate solving environmental problems by each community in order to achieve societal development. However, there also has a mistaken view on waqf based business is mainly about economic gains. According to Iman and Mohammad (2017) in their study on waqf properties, it need to understand clearly that the rental of waqf properties and cultivation of waqf lands are allowed by all jurists and there are permitted to make profits for waqf on the purpose of creating wealth useful for the poor or needy. Thus, this paper intends to explore the possibilities of concept and roles of the waqf mechanism in developing the entrepreneurship activities. Accordingly, this study begins by discussing the concepts and roles of waqf and the next section highlights the entrepreneurship activities and will be followed by embedding waqf concepts in entrepreneurship activities. The last section concludes this study.

CONCEPT OF WAQF

The word waqf derived from arabic word “*waqafa*” means to stop, to prevent and to detain. Islamic jurists interpret “waqf” as “detaining assets that are beneficial and physically lasting, to be given to charity”. In the Shari’ah point of view, waqf is defined as holding a property (*maal*) and preventing the usage for the purpose of issuing benefits continuously to represent the truth objective or the good of charity (Aziz et al., 2013). Waqf can be established in many forms by the subject as to its purpose and nature of utilization. According to Harun et al. (2012), waqf is a property that brings the benefit to the Muslims generally and welfare of the trustee to gain merit till the netherworld. There are many dalils and hadith which relate to the need to waqf and the benefit received by the trustees. Some of it is:-

*“O you who believe! Spend of the good things which you have (legally) earned, and of that which We have produced from the earth for you” (Al-Baqarah:267),
“When a Muslim dies, therefore all the good deeds will be broken except three sources which is donation or beneficial knowledge or a soleh child that always pray for them.”*

(Hadith Riwayat Imam Muslim)

There are two types of waqf which are *Waqf Ahli* (Family Waqf) and *Waqf Khairi* (Welfare Waqf). *Waqf Ahli* is a specific waqf and is commonly created for immediate family members that include children, grandchildren and their generations or close relatives that will be entitled to the benefits of the waqf property. The second type is *Waqf Khairi* is designated for general and charity purposes such as the needy, the poor, the orphans and the handicapped. It can be classified into two categories; namely *Nazir Waqf* and *Special Waqf Khairi* for any legal activity that benefits the community such as building mosques, schools, hospitals, and other places of public welfare. Thus, waqf can bring a significant impact on socio-economy development.

When an entity is declared as waqf, it will remain as waqf forever and no one can obtain the waqf entity for personal use (Hartini et al., 2015). Through waqf concept, the beneficiaries enjoy its usufruct or income perpetually when the owner donates and dedicates an asset (movable or immovable) for the permanent societal benefit (Shaikh et al., 2017). Besides that, according to Elasrag (2017) state that the waqf also can solve the problem of the under supply of public goods. It means that waqf has the potential to help the needy people and also contribute to economic development.

However, the waqf management varies from countries to countries. Although it is different, the waqf management needs to follow the concept of Shari'ah. According to M. Abdullah (2019), the structural formation, administrative framework, methods of management and applied objectives of waqf management are required to comply with the fundamental principles of Shari'ah. In Malaysia, waqf management of current practices are also different from one state to the others which are managed by the own Majlis Agama Islam Negeri (MAIN). MAINs have legally to supervise and manage all the assets of waqf besides to be responsible for their management and waqf development. Aside MAINs, there also have two institutions that were established by the government to assist MAINs in waqf development namely Department of Awqaf, Zakat and Hajj (JAWHAR) and Yayasan Wakaf Malaysia (YWM).

ENTREPRENEURSHIP ACTIVITIES

Entrepreneurship activities are one of the activities that generate the income of the country. With these activities it also can create job opportunities and innovation in business to contribute to economic development. Entrepreneurs create value by exploiting some form of change, for example in technology, materials, prices or demographics and then create new demand or find new ways of exploiting existing markets (Paul Burns, 2013). Besides that, there are favorable entrepreneurial environmental conditions determined that are promising which are first is the physical infrastructures and services access towards entrepreneurship and secondly the financial environment related with entrepreneurship (Ahmad & Xavier, 2012).

In Malaysia, the government pays high attention to entrepreneurship development. The government introduced many plans to develop the growth of entrepreneurship. According to S. Abdullah & Muhammad (2008), in developing strategies, Malaysia has established concrete strategies through its various government plans including short-term plans like the five-year Malaysia Plans, and long-term plans like the NEP, NDP, and Vision 2020. Their study also finds that the country's economic development was geared toward industrialization, and the entrepreneurial activities simultaneously went in a similar direction, with emphasis on the manufacturing sector. There are eight factors vital to the success of Bumiputera entrepreneurs which are advancement drive, achievement oriented, commitment, decision-making ability, managing risk, tenacity, networking, and optimism (F. Abdullah et al., 2009).

The importance of SMEs in Malaysia is ever more significant as Malaysia increases the pace of industrialization in meeting future challenges (F. Abdullah et al., 2009). However, for any entrepreneur, the start-up period of an entrepreneurial activity is difficult and how the government

strategically supports social entrepreneurship activities is very important (Jiao, 2011). Therefore, the government, development policymakers, development organizations and relevant research organizations focused on improving the socio-economic condition of low-income households in Malaysia should develop a platform to promote proactive personality and innovativeness among rural low income households to improve their attitude towards entrepreneurship (Mahmood et al., 2020).

WAQF CONCEPT IN ENTREPRENEURSHIP ACTIVITIES

Waqf is one of the sources that contribute in Islamic economy. Waqf is the concept of voluntary donations on social services to economic development and society. By applying the benefit of the waqf mechanism to society, it can help the needy people, community and country. There are many examples of waqf mechanisms that bring significant to society such as schools, hospitals, and accommodation to the less privileged members of the community. Other than that, waqf mechanism also can assist the society in the entrepreneurship activities as well as contribute indirectly to socio-economic development.

Waqf in entrepreneurship activities are not about the financial support only but also can be in the other forms. According to Elasrag (2017) waqf can provide non-financial support for the smaller enterprise and the most common contribution is land. For example, the trustees in Penang manage their waqf through renting of commercial premises, raising accommodation units, treatment centers as shop lots and offices shops and the waqf lands in Indonesia also being utilized for other benefits such as farming activities, shop lots and rice factories (Harun et al., 2012). Besides that, other strategies that are adopted by waqf institutions is by entering into partnership contracts with entrepreneurs. According to Osman et al. (2015) Majlis Agama Islam Kedah (MAIK) was used this methods to upgrade the waqf land development and joint venture development through partnership with developers to develop housing projects and business buildings. Therefore, this implementation shows that waqf also can support the small business entrepreneurs through benefits of waqf lands and partnership contracts.

Other than that the waqf institution also plays an important role in managing the waqf development in creating socio-economic development to society. The institution of waqf has contributed immensely towards the provision of public and social services in the Muslim world (Arshad and Haneef, 2015). According to Elasrag (2017) waqf organizations also can serve as business incubators for new ventures, nurturing and helping them to survive and prosper and through waqf mechanism it can provide finance or giving loans to existing small businesses, they build new capabilities and sustainable ventures. Besides that, venture waqf opens a potential new direction in the transformative role that waqf can play for internalizing compassion in financial contracting and in developing an Islamic vision of entrepreneurship for achieving a waste-free halal market economy (Khan, 2019). In Johor, Majlis Agama Islam Johor (MAIJ), as a waqf trustee also did some joint ventures in agriculture and farming with government agencies such as FAMA, MARDI, RISDA and many more (Harun et al., 2012).

According to Chabbal (2020) by financing small businesses from waqf fund, the use of waqf institution to raise investable funds became of paramount importance which is it operates as a chain, which it impacts across various sectors of an economy and influences the growth and development of society. Besides that, the state religious authority proactively seeks such smart partnerships, the financial resources at the disposal of a waqf for funding its welfare activities would grow and, what is more, the waqf would expand with new asset acquisitions (Razak, 2020). It shows that a waqf system can contribute significantly towards that ultimate goal and leads to a better distribution of income in the economy. It means that, waqf have a potential in increasing the socio-economic development by developing the entrepreneurship activities such as funding social and development projects and services.

CONCLUSION

This paper evaluates the concept of waqf and how it could benefit socio-economic, especially for entrepreneurs. As this study explores possibilities of waqf mechanism in entrepreneurship activities, it will bring benefit to entrepreneurs and waqf development in Malaysia. It will be an alternative way to help entrepreneurs in their business as well can assist in the growth of their business. It also hopes by using the waqf mechanism, it will contribute to the employment opportunity for society and helps the entrepreneurs to generate income. Besides that, this study also anticipated to bring benefits to the waqf development, society and economy. This is because waqf was proved to contribute to the socio-economic development of society from the past history until now.

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