



# Towards Developing a Shariah Governance Framework for Waqf Institutions: A Case of Majlis Agama Islam Melaka



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## ABSTRACT

**Objective** – Since Islam, Waqf, known as the Islamic endowment, has played a significant role in reforming and developing the economy. Like zakat (compulsory charity) and sadaqah (optional charity), Waqf has also been considered an essential means of poverty alleviation and upliftment. In Malaysia, each state's jurisdiction, called the State Islamic Religious Council (SIRCs), supervises waqf properties' governance. However, recently, it has been reported that the SIRC responsible for managing waqf properties has been unable to manage and operate effectively. To devise a well-designed strategy that can strengthen governance within the waqf institutions. Moreover, restoring Waqf as a mechanism for socio-economic development may be necessary for waqf institutions to develop their formal governance framework. Therefore, this paper aims to conduct a qualitative study of current Shariah governance practices in Waqf institutions at Majlis Agama Islam Melaka (MAIM).

**Methodology** – The qualitative research method was used for this investigation. The interviewees are chosen using a selection process that is a hybrid of convenience sampling and purposeful sampling. Both content and descriptive analysis were utilized in analyzing the outcomes of the interviews. To obtain information on waqf governance in MAIM, an interview was conducted with various officers from the organization. A total of six experts in the field of Waqf from MAIM participated in this study and were interviewed for this research.

**Findings** –The current practices of Shari'ah Governance in Waqf Institution in Majlis Agama Islam Melaka (MAIM) have been examined through interviews and brochures from interviewees. Several gaps were found in the organization's structure; Board of Directors, Shariah Committee, Shariah Audit, Shariah Review, and Shariah Risk Management. Based on findings extracted from the analysis, researchers provide several recommendations.

**Novelty** –This study is unique because there was no study conducted on the current practices of Shari'ah Governance in Waqf Institution in Majlis Agama Islam Melaka (MAIM). The officers and board of directors will benefit significantly from this research in both an educational and a guiding capacity.

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## 1.0 Introduction

The practice of Waqf is deeply rooted in the history of Malaysia, going as far back as the 15th century during the Malaccan Sultanate (Sulaiman et al., 2022).

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Waqf, at the time, became popular amongst Muslims in the Malay Peninsula. It brought about remarkable changes to the communities, the standard of living, and the world's outlook towards the inhabitants (Mahamood, 2006). The building of mosques like the Kg. Hulu Mosque in Malacca, the Sultan Abu Bakar Mosque in Johor, and the Kg Laut Mosque in Kelantan are momentous examples of the early and firm establishment of Waqf in Malaysia (Sayin, 1994). During the early stages of Waqf in the Malay states, the community organizers managed the waqf assets' trusteeship. The trustees were responsible for the organization, its control, and Waqf management to benefit the beneficiaries (Usman & Ab Rahman, 2022). However, the purchases were not documented or evidenced to be used for Waqf. The lack of proper documentation caused different issues, like claims made by the heirs over the asset after the asset owner passed away, leading to the inability to use the asset for Waqf (Bushra et al., 2022).

Waqf properties during the colonization period from 1511 to 1946 witnessed many changes in their development (Pitchay et al., 2018). A notable difference was that waqf management's responsibility gradually shifted to the respective Majlis Agama Islam Negeri or State Islamic Religious Councils (SIRCs).

The Malaysian Federal Constitution in Article 3 states that all administrations about Islamic affairs are vested in Malay rulers and their respective state governments. List II- State List (1) of the Ninth Schedule in the Constitution lays out all Islamic matters that fall under the state's jurisdiction, including Waqf (Mat Rani & Abdul Aziz, 2010). As mentioned in all state Enactments, SIRC is the sole trustee for waqf properties across Malaysia (Noor et al., 2014). As a sole trustee, SIRC is responsible for adequately managing and organizing waqf properties. It will increase potential profits and revenues and allow beneficiaries to benefit from waqf institutions.

Moreover, appointing SIRC as the sole trustee allows for unification in the management system. Appointing independent trustees could give rise to not being trustworthy in managing waqf properties, which could lead to heirs taking over waqf's endowments and imposing the transfer of ownership of the stuff to the heirs instead of Waqf, and this is against Islamic law. On March 27, 2004, to gauge Waqf, zakat, and the hajj administration's effectiveness and efficiency in every state in Malaysia, the government set up Jabatan Wakaf Zakat dan Haji (Department of Wakaf, Zakat, and Hajj, JAWHAR). The purpose of setting up the departments was to ensure clarity, transparency, and Shariah compliance in all operations within the system and obtain the ultimate goal of Waqf, which is to bring socio-economic development to the Muslim societies in Malaysia (Saad et al., 2017).

The existing waqf properties could not be utilized to their full potential to benefit the beneficiaries because of the inefficiencies. In Malaysia, the states are the entities responsible for governing Waqf, and each state has its regulations to follow. Because they have not unified their rules, different approaches have been taken to implementing the state's enactments. It demonstrates that the current institution tasked with managing waqf needs more capabilities. Waqf has been experiencing a significant setback in its overall development over the past few years. Regrettably, waqf institutions do not receive the necessary attention, and the waqf properties continue to be mismanaged and exploited inappropriately (Candy et al., 2022) (Turn, 2022) (Sairally & Rassool, 2022) (Lackmann, 2014) (A. Hassan & Shahid, 2010).

Even with all the improvements implemented and some underway, MAIM continues to face many issues and challenges. One of the best ways to tackle these issues in Waqf is by designing and adopting a proper shariah governance framework. A sound and practical shariah governance framework could help overcome all the existing mismanagement problems within the administration. Therefore, this study explores Shariah governance practice in Waqf institutions at Majlis Agama Islam Melaka (MAIM).

This research paper is broken up into seven sections. The second section provides information regarding the Majlis Agama Islam Melaka (MAIM). The third section discusses the problems facing Malaysia's Waqf institutions. The fourth section explains Waqf Governance. The methods used in the research are discussed in the fifth section. The findings are presented and discussed in the sixth section, which is followed by the conclusion in the final section.

## **2.0 Majlis Agama Islam Melaka (MAIM)**

Established on September 28, 1960, the Majlis Agama Islam Melaka's purpose was to manage all Islamic State of Malacca affairs and assist and advise His Majesty the Yang di-Pertuan Agong. The enactment of the establishment of the Administration of the Religion of Islam (State of Malacca) 2002 Section 4 subsection 1 strengthened the establishment of Majlis Agama Islam Melaka. The enactment stated that a body should be known as the "Majlis Agama Islam Melaka" to advise the Yang di-Pertuan Agong on Islam matters.

Agama Islam Negeri Melaka, a policy-making body, established some Islamic agencies/institutions like the Islamic Religious Department, Mufti Department, Syariah Court, and MAIM subsidiaries to enact the decisions or policies designed by MAIM. As per section 77 (a) and (c) of the same Enactment, Majlis Agama Islam Melaka is 'the sole trustee of all wakaf. Wakaf am or wakaf khas' and 'all trusts of every description, creating any charitable trust for the support and promotion of Islam's religion or the benefit of Muslims by Hukum Syarak.' Accordingly, all waqf and trust properties in Melaka fall under the Majlis's responsibility. The Majlis has established a special department to control such properties and registration, administration, management, investment, etc.

Selangor, Melaka, and Negeri Sembilan are the only three states out of all the states and federal territories in Malaysia that have a special regulation in place for matters of Waqf (Mahamood, 2006). The enactment was introduced in Selangor, Melaka, and Negeri Sembilan in 1999, 2005, and 2006. The Islamic Administration Enactment, which provides a general guideline, is what the SRCs reply to in the remaining 12 states. To avoid confusions that may arise with the two enactments' coexistence, the Islamic Administration Enactment is considered general legislation, and the Waqf Enactment is noted as the specific waqf enactment. The Waqf Enactment applied in the three states asserts that the SRC is the sole power handling the waqf issues. In contrast, the general execution recapitulates that the SRC is the sole trustee of waqf properties. It further states that SRC can appoint committees to perform the required duties, including establishing a committee to manage all Waqf-related matters.

According to historical values, Malacca Island is referred to as a World Heritage City. With the intent to preserve the status of Malacca and to achieve the target "Melaka Maju 2010", much attention is given to the development of the management and administration sectors in agencies all across Malacca. Furthermore, Malacca has a well-organized database that should be an example to all waqf management across Malaysia. The efforts and the work put in to identify and gather cemetery data in An-Nur Mosque, Peringgit, to register the death rate amongst Muslims and be timely updated is a process that is commendable and must be praised (Isa et al., 2011).

## **3.0 Issues of Waqf Institution in Malaysia**

The management of Waqf in Malaysia has seen several issues, from inefficiency in leadership and lack of human resources to no documentation of waqf assets (Ismail et al., 2015) (Kasim et al., 2016). Due to the inefficiencies, the existing waqf properties could not be fully utilized to benefit its beneficiaries. Moreover, in Malaysia, the states are the ones that govern Waqf, and each state has its regulations. Not being unified in their rules causes differences in implementing the state's enactments. It shows that the existing waqf institution is insufficient in its capabilities of managing Waqf. It can be said that Waqf, in the past years, has been facing a drastic downfall in its development. Unfortunately, waqf institutions do not get the attention needed, and the waqf properties continue to be ill-managed and misused (A. Hassan & Shahid, 2010).

(Shatzmiller, 2001) stated that problems in waqf management arise for two reasons. One is due to issues in the procedure and daily operations of the waqf institute, and the second is due to a lack of economic growth. This opinion is also supported by (Ali & Wahid, 2014). They further opined that these two reasons would lead to loss of profits, misperception, disruption and higher work costs, and reduction in revenue or no income.

The legal system regulating waqf institutions fails to make adequate arrangements for the institutions to work efficiently. The state is failing to safeguard the public's right to waqf property. Despite increasing research on revitalizing Waqf and bringing in the best practices, research on waqf governance remains limited. According to (Hoexter, 1998), one of the reasons behind little research on waqf governance is scholars' lack of attention on the matter. (Speckbacher, 2008) added that research on governance in non-profit institutions is still in its infancy. The discussions on governance matters have come under the limelight in the last few years, and the case is still considered new within the industry of Waqf (Zeni & Sapuan, 2017). It is widely accepted that adopting best governance practices is the most critical factor for revitalizing awqaf institutions (Cajee, 2008) (Kahf, 2003) (Ihsan & Ayedh, 2015). Each state's SIRC supervises the governance of waqf properties, which unavoidably leads to differences in governance. These differences shed light on the importance of having uniform waqf management across Malaysia to ensure efficient control of Waqf (Isa et al., 2011).

#### **4.0 Waqf Governance**

In Arabic, governance means 'al-hakimiya,' which signifies a higher moral and social order that all decision-making bodies and authorities must follow. Good management is essential for an organization to operate efficiently. The Quran & Sunnah laws emphasize habitual practice, customary procedure, norm, and usage sanctioned by Islamic tradition. Justice in the light of Islam equates to fairness and non-discrimination and ensures balance and harmony in every aspect of life. It is mentioned in verse (4:135) of the Quran that says: 'O ye who believe! Stand out firmly for justice, as witnesses to Allah, even as against yourselves, your parents, or your kin, and whether it is (against) rich or poor: Allah can best protect both'.

The Quran calls out all to be fair in their actions and bring goodness to the ummah. Therefore, when making policies, an Islamic organization (profit or non-profit-based) must structure them based on public interest (al-masalih al-mursalah) and by Shariah law. The waqf institution's governance will develop and become successful if all activities are accounted for and executed with complete transparency and fairness.

Corporate governance defines individuals' rights and responsibilities in a company, along with determining the "relationships between a company's management, its shareholders, its boards, and other stakeholders" (OECD). A practical corporate governance framework improves the institution's credibility, increasing stakeholders' confidence. Therefore, a waqf corporation with a proper governance framework would bring about greater accountability and transparency in its operations and play a crucial role in ensuring its long-term sustainability (Htay & Salman, 2016).

According to (R. Hassan & Salman, 2018), waqf institutions' governance should be according to religion. (Lewis, 2014) distinguishes between Islamic Corporate Governance and conventional Corporate Governance. Islamic corporate governance's responsibilities and obligations towards suppliers, customers, competitors, and employees are much broader, encompassing Islamic society's spiritual and temporal requirements. It is in line with (Iqbal & Mirakhor, 2004) 's view on the stakeholders' governance model in the Islamic economic system. In decision-making, Islamic governance focuses on Shura, Hisba, and Shariah supervisory processes and religious audits. For waqf institutions to be successful, establishing good corporate governance by Shariah principles and Islam's true spirit is a must. It is essential to design management that is attractive and consistent with international standards while still being Shariah-compliant. A sound and good Islamic corporate governance may hold the key to eliminating and overcoming all mismanagement issues in waqf institutions' administration. Based on this, the Shariah governance framework is the most desirable model for Islamic Financial Institutions (Htay & Salman, 2016) (R. Hassan et al., 2017).

#### **5.0 Research Methodology**

The qualitative research method was used for this investigation. The interviewees are chosen using a selection process that is a hybrid of convenience sampling and purposeful sampling. Both content and

descriptive analysis were utilized in analyzing the outcomes of the interviews. To obtain information on waqf governance in MAIM, an interview was conducted with various officers from the organization. A total of six experts in the field of Waqf from MAIM participated in this study and were interviewed for this research. This study uses both primary and secondary data. Primary data is collected from interviews, and secondary data is derived from books, articles, and internet resources relevant to our research. The researcher finds these sources the best method for data collection to achieve this paper's purpose. In this study, the interviewees have at least two to six years of experience in the Waqf Division at MAIM. Three interviewees are Baitul Mal MAIM, Administrative Officer of Waqf Division, and the Waqf Division Officer. The other three are staff members in the Enforcement and Management and Promotion Unit of the Waqf Division.

## 6.0 Findings

### 6.1 Organizational Structure of MAIM

In Majlis Agama Islam Melaka, DYMM SPB Yang Di-Pertuan Agong is the Highest authority, followed by TYT Di-Pertua Negeri Melaka, and next in line is the Chairman of MAIM (Chief Minister of Malacca). Under Deputy Chairman is the Secretary of MAIM. There are five departments under the management of MAIM. These are Jabatan Mufti Melaka, Mahkamah Syariah Melaka (Shariah Court of Melaka), Jabatan Agama Islam Melaka (JAIM), Baitulmal and Anak-Anak Syarikat (Subsidiary Company).

Waqf Division in MAIM falls under Baitulmal, which manages Waqf, Mal, development, and investment matters. There was only one Unit under Waqf Division, but from 2018 onwards, improvements were made, and two units were established under Waqf Division. The two companies based are the Management and Promotion Unit; and the Enforcement Unit. There is a total of nine staff working in the Waqf Division. The members include one 'Administrative Officer of waqf,' and two are the 'Assistance Officer' or 'Chief for the Enforcement Unit and Management and Promotion Unit.' The rest are in the enforcement unit, which comprises three staff members, and three in the management and promotion unit. Under the Enforcement Unit, they have a small Mosque Division. This mosque division is under a particular case in Waqf. The Mosque Division has to manage Kampung Hulu Mosque, Kampung Keling Mosque, and Surau Bunga Raya. There are two mosques and one surau precisely placed under MAIM management, and the other mosques in Malacca are managed by Jabatan Agama Islam Melaka (JAIM). It is because this asset of Waqf is categorized as waqf khas. Other assets and land premises need to be managed, and these assets are compared to other mosques. Management of these assets, including the committee meetings, general meetings, and any problems with the mosque, and the surau, will all be placed under the MAIM waqf division.

The management and promotion unit's function includes managing the administration of Waqf, handling the promotion, increasing outreach to the general public, briefing about Waqf, conducting workshops, and managing documents and revenue of cash waqf. In 2017, a survey was conducted by the waqf division; results showed a lack of understanding of Waqf amongst the people of Malacca. This year, the waqf division increased its outreach by giving talks at mosques and schools to explain the concept of Waqf or endowment to the people of Malacca. Furthermore, the Enforcement Unit's function manages the waqf land, land acquisition, and government land application. Any matter related to waqf land and the mosque's management falls under the Enforcement Unit.

Malaysia is a federation consisting of 13 states and three federal territories. In respect of the conditions, each State Islamic Religious Council (SIRC) is declared by law to be the 'sole trustee' of all Waqf, whether general or specific, in such a state. The respondent stated that each SIRC has an administrative framework for waqf management. This framework comprises experts and officials who carry out the waqf property's due administration to benefit the beneficiaries named under the Waqf. Not all states in Malaysia have acted upon the specific rules or enactments related to Waqf. The laws about waqf Majlis Agama Islam Melaka can be divided into two categories. The first category is the provision in the state Administration of Muslim Law

enactments relating to Waqf. The Administration of The Religion of Islam (State of Malacca) Enactment 2002 relating to Waqf (Section 77-83). Section 77 of the enactment states:

"Majlis to be the sole trustee of wakaf, nazr, trusts.

Notwithstanding any provision to the contrary contained in any instrument or declaration creating in any device or manifestation creating, governing, or affecting it, the Majlis shall be the sole trustee of:

(a) all wakaf, whether wakaf am or wakaf khas;

(b) all nazr am; and

(c) all trusts description is creating a charitable trust for the support and promotion of the religion of Islam or the benefit of Muslims by Hukum Syarak, to the extent of any property affected by the wakaf, nazr, trust, and situated in the State of Malacca."

It is then up to the Majlis to make further rules and regulations for the administration of Waqf as done by MAIM (Majlis Agama Islam Melaka).

In the second category, MAIM has specific rules or enactments relating to Waqf called Melaka Wakaf Enactment 2005. The legislation lays down provisions relating to the creation of Wakaf, Mawquf Alaih, Invalid Wakaf, Mawquf, Istibdal, and Development of Mawquf, Wakaf Management Committee, Powers of Majlis and General. Interestingly, the respondent also claimed that if matters are not stated in the enactment but mentioned in the management of waqf assets, it is necessary to implement other rules to settle the case and refer it to the Mufti. If Mufti gave the processor approval to the regulations and provided it is Shariah-compliant, they can implement it to the waqf asset.

Waqf in MAIM is administrated by Waqf Division and not a corporation like in other states such as Selangor, Johor, and Negeri Sembilan, even though MAIM has its specific waqf enactment. The corporation means they have a unique body that comprehensively regulates and is explicitly related to waqf administration. The scope of the organization's incorporation is more significant and more extensive than that of the waqf division. The respondent claimed that in the case of governance, there is no point in 'shariah' governance since the whole administration of Waqf is based on the religion of Islam. Since there is no unique management concept in Islam, waqf institutions' governance practice is considered 'Islamic' and Shariah-compliant. Each state has its procedures. However, internal organizations within each state may differ.

## 6.2 Shariah Governance Policies

The respondent claimed there are no specific policies or a manual for Shariah Governance in Waqf Division. They have a Standard Operating Procedure (SOP) in place by referring to the International Organization for Standardization (ISO 9001:2015) related to the waqf procedure. Three Waqf procedures depend on work scope; Application for Endowments, Government Land Application, and Land Acquisition Application. These three procedures have been audited and qualified by the Standard and Industrial Research Institute of Malaysia (SIRIM). Whenever SIRIM enters for audit, these three procedures will be audited equally. All these procedures have their processes; for example, in the case of Application for Endowments, the Waqf Division first refers to technical committees from MAIM and JAIM in the Property Development Section to decide on the acquisition and purchase of land. Usually, their purpose for Waqf is to build mosques, graves, religious schools, or surau. The 'kariah' or the appropriate party comes to MAIM to inform Waqf Division that they want to build a mosque. After this, MAIM will ask the people to collect cash waqf from where they want to construct the buildings. Waqf Division, together with the technical personnel from Jabatan Kerja Raya (JKR) (project implementer) and JAIM technical personnel (development/owner), will go down to inspect the site before agreeing to the kariah's proposal to construct a mosque or a building over the newly allotted waqf land. Furthermore, the Waqf Division will also refer to the Mufti regarding any related

shariah issues that may occur. For the waqf management committee appointment, the respondent stated that the MAIM Secretary's Office should appoint the Waqf Management Committee to hold the post for three years and be reappointed. The appointed members shall either have a bachelor's degree in Shariah, which includes study in Usul Fiqh (the origin of Islamic law), an administration, or a general degree. The ones appointed are those with years of experience and whom the appointer believes will adequately lead the Waqf Division.

### **6.3 Board of Directors (BOD)**

MAIM has a Board of Directors that comprises 16 members, including the Chairman and Deputy Chairman, as stated by the respondent. The Chairman of BOD in MAIM is the Chief Minister of Malacca, and the Deputy Chairman is the Deputy Chairman of MAIM. The members comprise honorable individuals from various experienced fields. They are the Secretary of Melaka State, Legal Advisor of Melaka, Financial Officer of Melaka, Mufti of Melaka, Deputy Police Chief of Melaka, Counselor UCSI University, Director/Chief Judge Malaysia, Deputy Rector (Student Affairs) of International Islamic University (UIA), and others. Their functions are to promote a sound corporate culture that reflects the procedure and process of administration and management in MAIM, oversee senior management and other officers' performance, and cater to the MAIM institution's issues, which must then be reported to BOD.

### **6.4 Shariah Committee**

According to the respondent, there is no Shariah Committee in the Waqf Division. The Shariah Committee is under MAIM governance, and they have their division. Any matter related to the Islamic religion or shariah non-compliance will be referred to the Shariah Committee. A meeting will be held to discuss shariah cases in Waqf. Representatives from the Shariah committee will also be involved in discussions with Mufti's department and representatives of the waqf division.

### **6.5 Shariah Review**

Furthermore, there is no Shariah review in the Waqf Division, as mentioned by the respondent. The Shariah review will be referred to Mufti's department, the state's religious advisor under the MAIM administration. The Mufti's check will be in some instances, but the Waqf Division will follow the existing procedure if the cases are direct. For example, if the waqif wants to make a waqf of his house for his son, then Mufti needs to review and explain the waqif's case since there are no guidelines in the enactment regarding such circumstances. A meeting was conducted to discuss the technical waqf issues, mal, and zakat with Mufti's department. A total of 4 sessions are held in a year. Presently, discussions are underway to increase the number of meetings to once every month, making it as often as possible to discuss technical waqf issues. These meetings mainly host waqf parties only.

### **6.6 Shariah Audit**

The respondent stated that they have an Internal Audit and External Audit for Waqf Division in MAIM. However, the Internal Audit under MAIM Secretary's Office is not owned by Waqf Division. There is also an External Audit, SIRIM, a distinctive body related to the audit. The external audit will examine if the Waqf Division follows the procedure or guideline that has been provided. The Waqf Division has recently obtained excellent recognition in its audit operations as they ensure that all procedures provided are followed accordingly.

## 6.7 Shariah Risk Management

For Risk Management also, Waqf Division does not have its committee. Instead, it falls under MAIM in the department of Human Resource Development. Risk management's function is identifying, measuring, monitoring, and controlling technical risks in Waqf and mitigating any possible technical risk events related to waqf assets, procedures, and processes. However, if there is a Shariah non-compliance problem or risk, they will refer it to Mufti's Department. Officers in the Human Resource Development department do not possess the academic qualification required to infer all hukm related to Islamic religion and non-compliance matters.

## 6.8 Issues and Challenges

The five respondents from the interviews stated that they face some challenges in the management and Waqf Division administration in MAIM. One of the challenges is the shortage of qualified and skillful staff in the waqf division, which ultimately leads to inefficient management. The respondents share the same concern regarding staff strength (lack of human resources). It seems to be a recurring issue in MAIM and the waqf division. The Waqf Division's responsibilities entail attending to applicants, verifying the existence of assets (in the case of land), and monitoring waqf assets. It is not a comprehensive list of waqf-related responsibilities. Instead, it is highlighted that the duties are broad in range and require assistance from other departments within the MAIM. Therefore, there is a tendency that the process may be loaded as the waqf unit depends on other people to complete its tasks. It includes the need to verify waqf properties post-application. One respondent claimed that other departments share their staff with Waqf Division due to a lack of human resources. Hence, a team in another department may also be required to do tasks at the Waqf Division.

Apart from the lack of human resources, the waqf division receives applications related to donating assets such as property and cash almost every week. Only one Waqf Division in Malacca manages all the applications associated with Waqf from three districts; Melaka Tengah, Alor Gajah, and Jasin. The Zakat Division has branches in all three districts. Therefore, the Waqf-related tasks are much more prominent in volume than the already existing Waqf Division cases. These include new applications, existing Waqf needs monitoring, attending to waqf beneficiaries, and others. The strength of nine staff members who cannot dedicate their time to the waqf unit cannot efficiently handle them. The sharing of staff and the volume of transactions emphasize the dire need for increased staff members in the waqf division in MAIM. Furthermore, the respondent claimed the waqf department's ability to address waqf-related problems. They rely on other MAIM departments such as Mufti Department, Shariah Committee Unit, Internal Audit from MAIM Secretary's Office, and Human Resource Development, Development, and Investment Unit. The respondents highlighted that some officers from other departments might not fully understand the objectives of developing Waqf. The pending periods for cases are also undetermined, worsening the problems related to waqf governance and hindering sustainable development. The respondents stated that the process would be quicker if they had their administration and management and performed the tasks themselves. Although the respondents admitted that the lack of human resources causes inadequacy in handling waqf-related problems, they also acknowledged that there had been consistent improvements in managing waqf assets every year.

Moreover, another critical issue is the financial difficulties in managing and maintaining waqf properties as the expenses increase. The respondents claimed that the waqf institutions are provided with the state government's allocation and resources to manage and sustain waqf properties, JAWHAR, and Waqf Foundation of Malaysia (YWM). Nonetheless, it is observed that the management is facing financial difficulties and continuously increasing its efforts to find ways to finance the development of waqf assets and engaging in discussions with related parties to get the required help. Currently, the available waqf funds to manage and develop waqf assets in MAIM are not enough to maintain waqf properties, making it more



challenging. In other words, excessive expenses and financial difficulties require dire attention. For financing the development of waqf assets, the respondent justified a lack of awareness amongst Muslims about creating Waqf on their property. A respondent argued that while there is an eagerness to develop waqf land, one has to look at the benefit the Muslim community could gain and not neglect Islam's rulings and the relevant laws. The respondent also feels that the state government should pay more attention to the allocation and provide an adequate budget for managing waqf properties and the development of waqf assets for the ummah benefit.

The respondent also claimed that the Waqf Division in MAIM is still at the beginning level compared to Waqf institutions in Selangor, Negeri Sembilan, and Johor regarding their management and administration procedures and processes in Waqf. The respondent agrees to have governance that will make the process and the Waqf system easier and will not depend on other MAIM departments to solve problems. The method of placing waqf branches in every district similar to the zakat branches is now underway. Waqf and zakat need to move parallel to one another, which means if zakat exists in every district, Waqf should be located in every district. There is still a need for much improvement in the management and Waqf administration in Malacca, and it is considered a long-term commitment.

## **7.0 Conclusion and Recommendations**

For waqf institutions to thrive, good governance by the Shariah law principles and Islam's true spirit is necessary. It is essential to design management that is attractive and consistent with international standards while still being Shariah-compliant. Sound and good governance may be vital in eliminating and overcoming all mismanagement issues in waqf institutions' administration. The current practices of Shari'ah Governance in Waqf Institution in Majlis Agama Islam Melaka (MAIM) have been examined through interviews and brochures from interviewees. Several gaps were found in the organization's structure; Board of Directors, Shariah Committee, Shariah Audit, Shariah Review, and Shariah Risk Management. Based on findings extracted from the analysis, researchers provide the following recommendations:

### **To Create a Standardized Waqf Management in Malaysia**

Fourteen states govern Waqf in Malaysia, and each state has its regulations. As a result, there are some differences between the enactments of the state. Until now, it is known that waqf properties are under the supervision of each State's Majlis Agama Islam. It creates a gap in waqf management. To overcome this issue, there is a need to establish a waqf management net effective in Malaysia's states. Therefore, a board should be founded at the federal level, which manages and report all information received from each state concerning Waqf. This board shall also analyze the Muslim community's economic development and investment opportunities toward waqf properties to increase value. This board shall also supervise matters about state waqf.

### **Improve Information and Communication Technology (ICT) Facilities in Handling Waqf Management**

The respondent stated that they have problems examining documents from previous years and have difficulties recording data related to Waqf. Hence, to ensure more effective waqf management, the ICT facility must be systematic and unified in its administration across the country, such as an e-waqf system. It will also allow all Waqf administrators to identify the latest information and status of waqf properties, such as total land, space, land that has proceeded, the purpose of Waqf, and much more. Such a database would be updated and improved regularly to cater to efficient and systematic waqf management. Considering the country's technology-based advancements, the country's e-waqf system will strengthen the waqf division and provide socio-economic development within the communities.

## Strengthen and Reform Waqf Governance

State Islamic Religious Councils (SIRC) in all states have been entrusted with administering and managing Waqf in Malaysia. Thus, as a sole trustee, SIRC should reform its administration to regain the public's confidence and prove that SIRC can dynamically, efficiently, and systematically manage, administer, and develop waqf lands in the country. Hence, the organizational structure of SIRC in all states must be carefully restructured, allowing waqf assets to be productively designed to improve the economy. A suitable example of reforming waqf governance is looking into the Shariah Governance Framework for IFIs since all significant functions of SGF have been practiced in Waqf MAIM. Therefore, making it the most suitable example of reforming and strengthening waqf governance.

## Training for the Officer and Staff of Waqf Management

Not all waqf officers and staff members working in the Waqf Division in MAIM have the qualification and knowledge of Islamic laws and principles to understand Waqf. Therefore, the management of Waqf should provide regular training for all staff members to ensure that every member is well-informed with the latest on Waqf. It will assist them in performing their responsibilities and managing waqf assets efficiently. Knowing Islamic laws and principles related to Waqf is also essential. It will instill their integrity and consciousness to act according to Islamic principles and avoid problems that could weaken the public's confidence towards waqf institutions. Besides, SIRC in all states should hire qualified administrative personnel to enhance the administration and management of Waqf.

## The Authority and the Assistance

There is a need for a broader authority or at least more significant assistance extended to Waqf Division. The SIRC assists by empowering waqf officers to be part of a more major division. In MAIM, the branches of the Waqf Division are all located in one district. Hence, Waqf-related tasks are more extensive in volume than the Waqf Division's previous cases. The respondent recommends that Waqf Division be established in all three districts in Malacca, Melaka Tengah, Alor Gajah, and Jasin to avoid waqf management inefficiency. It is also noticed that Waqf in MAIM does not have enough staff. One respondent claimed that departments have to share their staff members with the Waqf Division due to a lack of human resources. Therefore, MAIM will need to recruit more staff to improve the efficiency of waqf procedures and processes. Furthermore, the waqf division faces some difficulties due to waqf funds being insufficient to manage and develop waqf assets in MAIM. Also, maintaining waqf properties continues to increase day by day, making it more challenging. The state should give more attention to the allocation and provide an adequate budget for managing waqf properties and the development of waqf assets for the ummah benefit. This research's findings could help improve waqf institutions' performance in the future and promote sustainable development, especially among Muslim communities.

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