

# **DETERMINANTS OF HIGHER EDUCATION ISLAMIC ENDOWMENT (WAQF) ATTRIBUTES AMONG MUSLIMS IN MALAYSIA**

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**Abstract:** *Wealth can be generated and accumulated through various methods. One of the methods of the accumulation of wealth is through an endowment activity. An endowment is one of philanthropic attributes which signifies deeds done for the well-being and the goodness of the human being. Moreover, philanthropic attributes have been made as acts of charitable obligation. As far as endowment in higher education is concerned, it is vital for the societies to give support for the establishment and the development of the educational institutions in a particular time. In addition, the establishment of higher education endowment will bring a lot of benefits such as free education where it has been offered to the local and also for international students. Therefore, the main objective of this study is to identify the higher education endowment attributes among Muslims. The data are collected through a survey by using structured self-administered questionnaires which has been conveniently distributed among 200 of the Muslims respondents in Klang Valley area. Regression analysis is to examine the relationship and the association between the factors of higher education endowment. Based on the findings, among the nine factors that influenced the intention of Muslims respondents in higher education endowment (i.e. trust, altruism, personal characteristics, self-image, religious value, psychological benefits, social norm, personal satisfaction and commitment), only personal characteristics, religious value, psychological benefits, social norm and commitment have a significant relationship towards endowment intention among Muslims respondents? Thus, the effort is needed to increase the intention of Muslims for endowment in higher education.*

**Keywords:** *Philanthropic, Islamic Endowment, Higher Education*

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## **Introduction**

Strong financial catalyst is generated by a comprehensive wealth accumulation through economic activities. It is one of the ways or methods to all human being to upgrade and improve in their life and economy. Muslims are encouraged to acquire wealth because to improve the

other Muslims community economy. Muslims who are rich is obligatory to pay Zakah so that the other can improve their life. Through wealth, Muslims especially can do *ibadah* for the sake of obtaining the blessing of Allah the Almighty such as giving *sadaqah*, *hibah*, *infaq* and also Waqf or charitable endowment. Moreover, we know that wealth can also purify our heart through giving charity and so on (Hasan & Ahmad, 2014). Wealth also can help to reduce the gap between rich people and unfortunate people or poor people and this would feel the satisfaction of being able to contribute in helping the needy for improvement their life. Those who help the other who are in needy will be rewarded in the hereafter. Through wealth, Muslims can perform *ibadah* for the sake of obtaining the blessing from Allah the Almighty. The needy, on the other hand, would be feeling grateful to Allah the Almighty for providing them with sustenance.

Thus, Muslims are also required to manage, utilize and spend their wealth in accordance with Shari'ah principles. Hence, other than wealth as instruments for utilization of human being or Muslims in this context for continuity of their life in this world, it also important for Muslims to think of the Hereafter life. Other than that, Islam provides a few options for a Muslims to deal with his wealth after his death such as *sadaqah*, Waqf or endowment and *wasiyyah* or Islamic will (Hasan & Ahmad, 2017). Any options choose by a Muslims in the devolution of his wealth after his death such as *sadaqah*, Waqf or endowment and *wasiyyah* will eventually lead to improvement of Muslims society in general or for the improvement of living standard of the specific person who receives such wealth from him (Ibrahim & Ibrahim, 2013).

Lastly, wealth distributions come into the picture after the protection of wealth. After wealth is being created, preserved, and protected, it must be distributed properly. As far as wealth management is concerned, Muslims must ensure that their wealth is distributed according to Shari'ah principles. According to Muhammad et al. (2013), the distribution of wealth in Islam is divinely guided by Allah the Almighty which encompass the ethical and moral value embedded with elements and addressing the issues of humanity, sympathy, forgiveness, generosity and charity.

Moreover, an endowment is one of the ways of the wealth distribution where the wealth is distributed for the benefit of others, and of course our deed is being count by Allah the Almighty and get blessing from Him. Therefore, it is important for Muslims especially to manage wealth by creating, enhancing, protecting and distributing it in a proper manner and according with the principles of Shari'ah. Islamic wealth management can be in the form of obligatory and also in the form of voluntary (Hassan, 2010). For example, alms giving or Zakah, and *kharaj* or Islamic tax on agriculture, are also a part of the tenets of Islam. However, Waqf or pious endowment, *sadaqah* and *wasiyyah* are the form of voluntary giving. Thus, the intention of making endowment can be a part of the philanthropic attributes of Muslims and also among the non-Muslims (Iman & Mohamad, 2014).

## **Literature review**

Mahamood and Rahman (2015), states that higher education endowment can be an alternative source of funding for universities. The importance of endowment in higher education is that it will help to reduce the burden of the government. Plus, an endowment in higher education will reduce the high cost of education fees. The study by Mahamood and Rahman (2015) also finds that the role of a pious endowment is significant in providing the financial assistance to the community and also to strengthening the academic quality of the students. Moreover, the

endowment in higher education will trigger the moral of and behavior of the donor to involve in the charitable activities to donate their wealth and some of their property in order to enrich and sustain universities and higher education.

The founder's appointment of Waqf managers obviously implies that every single action taken in managing a Waqf property needs to be done in line with the standards governing its management and administration. In Malaysia's Islamic Administrative law, *Majlis Agama Islam Negeri* or SIRC has been legally appointed by the respective legislations to supervise all Waqf assets and be responsible for their management and development. No other parties are given the trusteeship power. Hence, entrusting the powers of Waqf administration to other private trustees would be treated as illegal and not conforming to the stated laws (Monzer Kahf & Siti Mashitoh Mahamood, 2011).

Studies by Cizakca found that there was a total of 1,161 cash Waqf in Istanbul during the period of 1456 to 1551, while in Bursa, a city smaller than Istanbul, around 761 cash endowment was found in the 18th century. Some elites in the Ottoman Empire used the Waqf system as a fortune lodging to maintain their assets under the protection of an endowment, alleviating the possible seizure of their capital resources once their families fell from grace (Argun, 2013).

In fact, Waqf has also been adopted by western educationalist and communities where it has become an important basis in developing their societies. They used various names to represent the practice such as endowment, trust fund, foundation, and estate planning (Frumkin & Andre-Clark, 2000; Frumkin & Keating, 2001).

## **Methodology**

The focus of this study is to determine the higher education endowment attributes among Muslims. In order to conduct this study, several independent variables have been selected, namely trust, altruism, personal characteristics, self-image, religious value, psychological benefits, social norm, personal satisfaction, and commitment. The dependent variable for this study is the endowment intention. The data for this study will be collected through primary sources such as self-administered questionnaire and secondary sources are from the published external secondary data are obtained from library journals, online databases, newspapers and internet search connected and related to endowment, higher education, charity and so on.

The purpose of this study is an explanatory study of nature. This study is to measure the higher education endowment attributes which consists of trust, altruism, personal characteristics, self-image, religious value, psychological benefits, social norm, personal satisfaction and commitment. Zikmund (1994), and Sekaran (2013) stated in an explanatory study can be defined as a preliminary research with the objective is to explore and to find out what is happening in order to clarify the nature of the problem arise. There are 200 respondents which consist of 200 Muslims employees from the government sectors, private sectors, NGOs and self-employed aged between 21 years old and 60 years old working in government sectors, private sectors or self-employed in Klang Valley area. The area of the survey for this study covers the Klang Valley area.

The study instrument for this study consists of structured questionnaire. A self-administered questionnaire is developed based on several other similar studies that were performed on the similar subject matter. Self-administered questionnaire is normally applied as a method to

collect primary data in Malaysia as it is the best way to overcome the issue of low response rate, whenever a face-to-face interview and interaction between the interviewer and respondents is concerned.

In short, the self-administered questionnaire is suitable for this study as it satisfies most of the requirements and limitations of the study. For the purpose of this study, the questionnaire consists of multiple items types of questions, which is divided into five sections and each section is designed to gain specific insights. The questionnaire for this study is adopted from previous study from Opaku (2013) on the same area with several amendments and adjustments have been made to adapt the questionnaire to the current research objectives. There are six sections in the questionnaire:

- i. Section A: Questions based on a nominal scale in order to obtain general information about the respondent's background.
- ii. Section B: Questions based on Likert scales on the Understanding of An Endowment.
- iii. Section C: Questions based on Likert scales on the Understanding of Philanthropic.
- iv. Section D: Questions based on Likert scales on the Focus in Donation or Endowment
- v. Section E: Questions based on Likert scales on the Factors Motivating for Philanthropic Endowment including trust, altruism, personal characteristics, self-image, religious value, psychological benefits, social norm, personal satisfaction, and commitment.
- vi. Section F: Questions based on Likert scales on the Endowment Intention

## Analysis and findings

### *Multiple Regression Analysis:*

Regression analysis is a constructive statistical technique that can be used to analyse the association between a set of independent variables and single dependent variables (Hair, 1998). Multiple regressions are used as this type of regression has single metric dependent variables and several metric independent variables. By using this analysis, it will show how much variance in the dependent variable is possible to be explained by the independent variables. This analysis can be used as hypothesis testing. Hence, it is used to examine the higher education endowment attributes among Muslims and non-Muslims.

Table 1: *Model Summary for Muslims Respondents*

Model Summary <sup>b</sup>						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson	
1	.799 <sup>a</sup>	.638	.621	.56882	1.814	

a. Predictors: (Constant), Commitment, Altruism, Personal Characteristic, Social Norm, Self-Image, Religious Value, Trust, Personal Satisfaction, Psychological Benefit

b. Dependent Variable: Intention

Based on the Table 1 above, the value of adjusted R<sup>2</sup> provides a measure in the dependent variables which can be explained by the changes in the independent variables. The value of

adjusted  $R^2$  is 0.621. This means 62.1% of the dependents variables are able to explain the changes in the independents variables (trust, altruism, personal characteristic, self-image, religious value, psychological benefit, social norm, personal satisfaction, and commitment). Thus, another 37.9% change in the dependent variable is explained by the other factors which are not included in this study. Meanwhile, Durbin-Watson is used to test whether there is an issue of autocorrelation. It measures from the range 1.5 to 2.5. Based on the table above, the result of the Durbin-Watson is 1.814, which indicates there is no issue of autocorrelation.

Table 2: ANOVA (*F-static*) for Muslims Respondents\

ANOVA <sup>a</sup>					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	108.217	9	12.024	37.162	.000 <sup>b</sup>
Residual	61.476	190	.324		
Total	169.693	199			

a. Dependent Variable: Intention

b. Predictors: (Constant), Commitment, Altruism, Personal Characteristic, Social Norm, Self-Image, Religious Value, Trust, Personal Satisfaction, Psychological Benefit

The ANOVA table in Table 2 shows the F-ratio for the regression models. This statistic assesses the statistical significance of the overall regression model. The F-ratio is the result of comparing the amount explained variance to the unexplained variance. The F-ratio of this model is 37.162. According to Hair et al. (1998), the larger the F-ratio, the more variance in the dependent variable is explained by independent variables. In this model, the F-ratio is 37.162 indicates the model is significant at the 0.000 level. Therefore, the model is fit and acceptable.

Table 3: Summary of Coefficient for Muslims Respondents

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.017	.287		.060	.952
Trust	.050	.060	.051	.838	.403
Altruism	.089	.070	.083	1.266	.207
Personal Characteristic	.070	.041	.096	1.714	.088*
1 Self-Image	-.041	.039	-.062	-1.061	.290
Religious Value	.198	.070	.190	2.850	.005**
Psychological Benefit	.247	.072	.252	3.413	.001***
Social Norm	.099	.047	.131	2.116	.036**
Personal Satisfaction	-.041	.077	-.037	-.526	.599
Commitment	.327	.051	.353	6.375	.000***
a. Dependent Variable: Intention					
R-squared = 0.638			*** significant at 1% level (0.01)		
Adjusted $R^2$ = 0.621			** significant at 5% level (0.05)		
F-Statistic = 37.162			* significant at 10% level (0.1)		

Based on Table 3 above, it shows the summary of coefficient result which reveals that the independent variables trust (t-value = 0.838 and  $p > 0.1$ ), altruism (t-value = 1.266 and  $p > 0.1$ ), personal characteristics (t-value = 1.714 and  $p < 0.1$ ) and self-image (t-value = -1.061 and  $p > 0.1$ ), religious value (t-value = 2.850 and  $p < 0.05$ ), psychological benefits (t-value = 3.413 and  $p < 0.05$ ), social norm (t-value = 2.116 and  $p < 0.05$ ), personal satisfaction (t-value = -0.526 and  $p > 0.1$ ) and commitment (t-value = 6.375 and  $p < 0.05$ ).

Therefore, base of the result, it can be found that only personal characteristics, religious value, psychological benefit, social norm and commitment have a significant relationship towards endowment intention since the value is can be accepted.

### ***Hypotheses Analysis:***

This section of hypotheses analysis conducted on the nine independents variables. As for the factors that influencing the endowment intention, a multiple regression analysis is used to test the hypotheses.

Based on the Table 3 again, beta value is used to interpret and identify the relationship between independent variables and dependent variable. From the result obtained, the beta value of personal characteristics indicates that it will help to increase the dependent variable from 0.096 or 9.6%, which the p-value 0.088, significant at 10% level. This means that there is a positive significant relationship between personal characteristics and endowment intention among Muslims respondents. This indicates that increase in ten per cent in personal characteristics will influence 9.6 per cent increase in the intention of higher education endowment.

For religious value, the beta value indicates that it will help to increase the dependent variable from 0.019 or 1.9%, which the p-value 0.005, significant at 5% level. This means that there is a positive significant relationship between religious value and endowment intention among Muslims respondents. This indicates that increase in five per cent in religious value will influence 1.9 per cent increase in the intention of higher education endowment.

For psychological benefits, the beta value indicates that it will help to increase the dependent variable from 0.252 or 25.2%, which the p-value 0.001, significant at 1% level. This means that there is a positive significant relationship between religious value and endowment intention among Muslims respondents. This indicates that increase in one per cent in psychological benefits will influence 25.2 per cent increase in the intention of higher education endowment.

For social norm, the beta value indicates that it will help to increase the dependent variable from 0.131 or 13.1%, which the p-value 0.036, significant at 5% level. This means that there is a positive significant relationship between religious value and endowment intention among Muslims respondents. This indicates that increase in five per cent in social norm will influence 13.1 per cent increase in the intention of higher education endowment.

For commitment, the beta value indicates that it will help to increase the dependent variable from 0.353 or 35.3%, which the p-value 0.000, significant at 1% level. This means that there is a positive significant relationship between religious value and endowment intention among

Muslims respondents. This indicates that increase in one per cent in psychological benefits will influence 35.3 per cent increase in the intention of higher education endowment.

However, for trust, altruism, self-image and personal satisfaction, the beta value are from, 0.051 or 5.1% (p-value 0.403), 0.083 or 8.3% (p-value 0.207), -0.062 or 6.2% (p-value 0.290), and -0.037 or 3.7% (p-value 0.599). This means that there is no significant relationship between trust, altruism, self-image and personal satisfaction and endowment intention.

***General Information on Understanding of Endowment, Philanthropic and Focus in Endowment:***

Table 4: *Descriptive Analysis for Understanding of Endowment*

		Understanding of Endowment							
		Strongly Disagree	Disagree	Slightly Disagree	Slightly Agree	Agree	Strongly Agree	Total	
<b>I have heard about endowment before</b>	Frequency	4	10	9	22	91	64	200	
	Percent	2	5	4.5	11	45.5	32	100	
<b>I understand about endowment</b>	Frequency	3	6	12	44	87	48	200	
	Percent	1.5	3	6	22	43.5	24	100	
<b>I know that the donor or the founder can be benefited from the endowment which he/she created</b>	Frequency	1	5	10	33	87	64	200	
	Percent	0.5	2.5	5	16.5	43.5	32	100	
<b>I understand that the donor or founder can be both Muslims and non-Muslims</b>	Frequency	1	4	10	27	81	77	200	
	Percent	0.5	2	5	13.5	40.5	38.5	100	
<b>I know endowment benefited Muslims and non-Muslims</b>	Frequency	3	8	8	34	82	70	200	
	Percent	1.5	4	4	17	41	35	100	
<b>I believe the reward will continue after the death</b>	Frequency	1	4	9	34	65	87	200	
	Percent	0.5	2	4.5	17	32.5	43.5	100	
<b>I believe endowment provide support for education and development</b>	Frequency	0	3	7	37	67	86	200	
	Percent	0	1.5	3.5	18.5	33.5	43	100	
<b>I believe endowment is powerful way to fight poverty</b>	Frequency	2	1	11	37	67	82	200	
	Percent	1	0.5	5.5	18.5	33.5	41	100	

Table 4 shows the differences in the level of understanding on Muslims respondents towards endowments.

Based on the result, 64 persons (32.0%) out of 200 of the Muslims respondents are strongly agree that they have heard about an endowment. There are only 4 persons (2.0%) of the Muslims respondent who are strongly disagree that they have heard about endowment before. Then, most of the Muslims respondents are agree that they understand about endowment. This constitutes about 87 persons (43.5%) out of 200 of the Muslims respondents.

Out of 200 of the respondents, 87 persons (43.50%) of the Muslims respondents know that the donor or the founder can be befitted from the endowment which he or she created. Meanwhile, 81 persons (40.5%) of the Muslims respondents are agreeing that they understand that the donor or founder can be both Muslims and non-Muslims. Muslims respondents are agreed that the benefit of the endowment can be reach by both Muslims and non-Muslims. This constitutes 82 persons (41.0%) out of 200 of the Muslims respondents.

Moreover, 87 persons (43.50%) of the Muslims respondents strongly agree that they believe the reward will continue after the death. Most of the Muslims respondents believe that an endowment can provide support for education and skill development. This constitutes about 86 persons (43.0%) out of 200 of Muslims respondents. There are about 82 persons (41.0%) of Muslims respondents are strongly agree that they believe that endowment is a powerful way to fight poverty.

In conclusion, based on the above table it can be concluded that the level of understanding of Muslims regarding the endowment is high. This is because most of the respondent gives a positive feedback regarding their understanding and attributes of the endowment. However, there are still some of them are not agreed and are strongly disagree on the endowment.

## **Conclusion**

The result of this study shows that most of the respondents comprehend the concept of an endowment and philanthropic which is shown in the cross-tabulation analysis table. This study also has successfully identified the nine main determinants for endowment intention among Muslims in Malaysia. Based on the results obtained, Muslims have a significant relationship with personal characteristics, religious value, psychological benefits, social norm and commitment towards higher education endowment.

However, one the main obstacle of Muslims respondents is that they are lack of knowledge about the endowment in higher education. Nevertheless, endowment in higher education is being a private affair and it is an obligation for Muslims to take part in the charitable activities especially in higher education.

Moreover, future studies could be based on a larger sample and over a longer period of time in order to get more respondents who have made an endowment. Plus, the sampling area should extend to another area. The analysis would be more accurate in determining the factors that can influence people in creating an endowment in higher education. This study investigates the Muslims employees' attitudes through direct questioning of respondents by using a questionnaire survey. It also recommended that government institutions will undertake research on these particular topics on a large scale in the future, since the sample size in this study is relatively restricted due to time and cost constraints.

Finally, as for the future research, it can be extended to explore other methods of research such as interviewing the respondents directly or indirectly. The future research also can construct a more detailed questionnaire with multiple independent variables and distribute such questionnaire to a larger number of respondents throughout Malaysia covering the Peninsular Malaysia. This is in order to have a comprehensive response and further in depth information can be collected. It will help us to examine the factors that can increase intention and commitment of people in making an endowment and its practice among Malaysian Muslims employees.



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