

# INTERDISCIPLINARY AND MULTIDISCIPLINARY ISSUES, CHALLENGES AND OPPORTUNITIES FOR DEVELOPING CASH WAQF

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## INTERDISCIPLINARY AND MULTIDISCIPLINARY ISSUES, CHALLENGES AND OPPORTUNITIES FOR DEVELOPING CASH WAQF

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**Abstract:** This paper undertakes a survey of the case studies and literature review on cash waqf. The aim is to provide an understanding of the issues, challenges, and potential opportunities for developing cash waqf by SWOT-LISA analysis. Our survey reveals that there is a need to: (a) focus on new development program, including riil market sector, (b) establish the cash waqf statistical datasets, and (c) establish the robustness of the cash waqf finding.

**Keywords:** Issues, Challenges and Opportunities, and Developing Cash Waqf

### INTRODUCTION

This paper undertakes a survey of the literature on cash waqf development. The goal is to provide an understanding of the internal and external work environments. The lessons learned, the understanding four elements and the work towards improving the current situation most discussions on SWOT (Strengths, Weaknesses, Opportunity and Threat) and also LISA (Leveraging, Improving, Seizing and Awareness). This paper concludes a research direction for future cash waqf development. Our approach in addressing the aim of this paper is structured as follows. Section 2 reviews all papers that are subsequently developed cash waqf in the two identified areas. These papers have been published in the last 7 years. Section 3 explains the research methods. Section 4 contains the findings and analysis that discuss the main SWOT-LISA features of the cash waqf, while section 5 provides the conclusions and recommendations of the study.

### CASH WAQF DEVELOPMENT STRATEGY

This section has two parts discussions. In the first part, the seven most popular topics about cash waqf financing model appear in Tabel 1 as internal analysis. In the second part (Tabel 2), we identify the integrated cash waqf profit share. The last section, we'll identify what we learn.

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### Cash waqf financing model

The literature on cash waqf financing model is the most popular. There are several variants of studies. Mohsin et al. (2014) use data collected from primary sources, including text from the hadith, while data collected from secondary sources include books, articles, journals besides websides and e-books. The findings show the potential of cash waqf in financing not only religious areas, but also financing different goods and services such as education, health, social care and commercial activities, basic infrastructures, beside opening jobs for the majority of people. Haneef et al. (2015) use the survey techniques. A total of 381 respondents were include in the survey. The Integrated Waqf based Islamic Micro Finance Model (IWIMM) developed using literature and intellectual discussion. Structural Equation modelling has been adopted to examine the relationship among 45 items survey instrument (but only 26 items have been retained after factor analysis). The paper proposed model IWIMM for poverty alleviation programmes in most of the OIC member state.

Mahamood (2015) collected data using in-depth interviews with the universities' higher management authorities and some of the members of the board of trustees. She shows that the role of waqf is significant in providing financial assistance to their communities as well as strengthening their academic quality. Tauhidic epistemology together with morality and ethics have influenced waqf donors to donate their wealth and property to enrich and sustain universities and higher education. Thaker (2016) propose an alternative model, the financing Integrated Cash Waqf Micro Enterprises Investment (ICWME-I) in Malaysia. He has developed ICWME-I to provide financial service by using cash waqf fund and involved the participatory contract between non-profit organization and micro enterprises. There will be no collateral requirement, interest rate, and other requirements which usually imposed by exiting conventional financial institutions. 7

Shaikh (2017) discuss the application of waqf (endowment) in the social finance sector for funding social and developing project and services using qualitative study and reviews literature. The institution of waqf fill the gap as a social finance institution by providing intermediation services for effectively utilising perpetual social savings. Ambrose et al. (2018) uses both, primary and secondary data from semi-structured interviews of waqf academicians from the Islamic economics and Islamic finance field, waqf government official and also private. By synthesizing the data, Ambrose et al. (2018) found that return from cash waqf investment in unit trust can be used to finance 11 items of federal government expenditures. The overall process can be managed by Yayasan Waqf Malaysia through a collaboration with an Islamic unit trust firm.

Zabri (2018) develop a sharia compliance rating mechanism for the Islamic Financial Service Industry (IFSI), with a special focus on banking. He allocate scores with a sum of 100 to special considerations (including the amount of resources) required in performing an activity suitability of prevailing business conditions, the degree of compulsioning performing a task and linkage with the essence of the Islamic Financial System (IFS). ISFI is also important for sharia boards and regulators in policy formulation, for management in addressing weaknesses and taking corrective measures and also potential standart setting bodies.

Tabel I. Summary of the cash waqf financing model



Papers	Finding
Mohsin et al. (2014)	The potential of cash waqf in financing not only religious areas, but also financing different goods and services such as education, health, social care and commercial activities, basic infrastructures, beside opening jobs for the majority of people.
Haneef et al. (2015)	Proposed model Integrated Waqf Islamic Microfinance Model (IWIMM) for poverty alleviation programmes in most of the OIC member state.
Mahamood (2015)	Tauhidic epistemology together with morality and ethics have influenced waqf donors to donate their wealth and property to enrich and sustain universities and higher education.
Thaker (2016)	Developed ICWME-I to provide financial service by using cash waqf fund and involved the participatory contract between non-profit organization and micro enterprises. There will be no collateral requirement, interest rate, and other requirements which usually imposed by exiting conventional financial institutions.
Shaikh (2017)	The institution of waqf fill the gap as a social finance institution by providing intermediation services for effectively utilising perpetual social savings
Ambrose et al. (2018)	Return from cash waqf investment in unit trust can be used to finance 11 items of federal government expenditures. The overall process can be managed by Yayasan Waqf Malaysia through a collaboration with an Islamic unit trust firm.
Zabri (2018)	Islamic Financial Service Industry (IFSI) is also important for sharia boards and regulators in policy formulation, for management in addressing weaknesses and taking corrective measures and also potential standart setting bodies.

### Integrated cash waqf profit share

Several studies (see Ramli, 2019; Iman, 2017; Fadila, 2015; and Amuda, 2013) offering waqf saham model to get both, social fund and economic or profit share. Ramli (2019) uses qualitative grounded research to create awareness model of cash waqf among the public. Larkin sentral and the acquisition of surrounding land for the public benefit is the case study. This schema is also provide an opportunity to participate in the nobel effort of society contribution. Iman (2017) develop cash waqf as a framework for entrepreneurship. He shows that all level can be implemented the cash waqf for entrepreneurship (individual, urban, rural, comunity, corporation, government,etc). The cash waqf for entrepreneurship is essentially derives from the principle of wealth



creation (Amuda, 2013).

In the context of business model, cash waqf well-conceptualized by Sanep an Nurdiana (2011) and Islam (2018). Cash waqf as well as social entrepreneurship and workable model for cash waqf-based business is yet to be practised (Salarzei et al, 2010; Azliza et al., 2013; Fakhrul et al, 2014; Puad et al., 2014). Entrepreneurship is a process of innovation in the pursuit of economic goals, because of a high achiever with instinct and innate ability to accumulate wealth and create economic prosperity with cash waqf (Dees et al. 2001; Meysam and Mojtaba, 2015; Hasan, 2015). Here, cash waqf acts as a mechanism of “wealth creating wealth and responsible”.

There are possible integrated cash waqf link profit share. First, cash waqf venture, in case the Majelis Agama Islam dan Adat Istiadat Melayu Terengganu (MAIDAM) which gives tawliyyah program to Peyatim as Istisna' arrangement to build the campus and accommodation. Second, cash waqf for social changes by creative program, fund rising for venture capital funds, community programs, in case the J-Corp's Al-Noor Corporation Berhad (WANCorp) which gives tawliyyah to operate waqf corporation to Majelis Agama Islam Johor (MAIJ). Third, there is a concept of social entrepreneurship which gives innovative solutions benefitting society at large. In case Sabanci Foundation, Turkey has built more than 120 schools, hospitals, libraries, and other facilities such as water system, bridge, and roads from Turkish foundations. Southern Agricultural Growth Corridor of Tanzania (SAGCT) it can be dealt with ICWME-I.

Tabel 2. Summary of the integrated cash waqf profit share

Papers	Finding
Ramli (2019)	Larkin sentral is also provide an opportunity to participate in the nobel effort of society contribution
Iman (2017)	All level can be implemented the cash waqf for entrepreneurship (individual, urban, rural, comunity, corporation, government, etc).
Amuda (2013)	The cash waqf for entrepreneurship is essentially derives from the principle of wealth creation
Dees et al. (2001)	Entrepreneurship is a process of innovation in the pursuit of economic goals
Whelan et al. (2007)	Cash waqf acts as a mechanism of “wealth creating wealth”
Wellington (2006)	A high achiever with instinct and innate ability to accumulate wealth and create economic prosperity with cash waqf
Raimi et al., (2014)	Cash waqf as well as social entrepreneurship and workable model for cash waqf-based business is yet to be practised
Cajee, (2007)	Beneficiaries of <i>Waqf</i> are not only restricted for the use of Muslim, but it have covered broader scope, social and economic



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of a country

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### What have we learned?

There are three opportunities of the cash waqf development literature that we have some understanding about. First, on cash waqf model. Integrated financing effective model such as IWIMM, ICWME-I, and ISFI as the point. Second, generally the relatively *nadhzir* MAIDAM, WANCorp and Sabanci Foundation tend to be more stable and are able to mitigate the social risk better (building a company and well authority). Third, cash waqf donations are characterised by better asset quality growth and are to be innovative for all level at long term, compared to the other Islamic finance (shodaqoh, infaq, and etc).

The first challenge of cash waqf relates to the statistical dataset from all integrated effective model, there are limited (monthly or annually published-data). Second, Nadzir's capacity and responsibility in managing funds do not standardized. The last, the most important challenge of cash waqf development is the fulfillment of long term targets by waqf institution which should synergize with the government targets..

There are also internal positive issues relates to the integrated of studies on cash waqf model. The topic of developing is heavily skewed toward effective financing model for poverty alleviation programmes, micro enterprises, support education and academic quality, health, social care and commercial activities, basic infrastructures, beside opening jobs for the majority of people. It significantly done by waqf-based Islamic microfinance, takaful, and waqf resource development. The internal weakness issues of the cash waqf studies only a little of the studies have engaged in robustness test, historical time-series data, large scale panel dataset for a large number waqf institution of countries. Most of them from primary sources, literature and intellectual discussion. The other internal weakness is no strategy for developing cash waqf in micro scale.

### General features of SWOT and LISA

The methodology provides some suggestions to put the findings of the SWOT analysis to further use and develop potential strategy, LISA (Pandya, 2017). SW or Strengths-Weaknesses as internal and OT Opportunity-Threat as external elements. The LISA framework helps to further fine-tune the relationship between the four elements and also look the solution of them. As expected priori, SWOT analysis was frequently applied to organizational assessments for strategic planning (Helms, 2017).

LISA generally decide after a detailed SWOT analysis. In addition, the use of SWOT-LISA as proven developmental, result-oriented strategic planning tool is also extended, although further research based on theory building is warranted and recommended.



**Findings and analysis that discuss the main SWOT-LISA of the cash waqf**

Figure 1 as the fresh look at the linkages in the SWOT-LISA framework on cash waqf development.

Figure 1. SWOT-LISA analysis for developing cash waqf

Strengths	a. Jariah endowment fund	a. Integrated cash waqf profit share	Opportunities
	b. Liquidity support on financial institution	b. Building a cash waqf professional company	
	c. Effective financing on many models ( <i>Qordh Al-hasan</i> et al.)	c. Innovative donation for many-level at long term	
Leverage	a. The more donor for cash waqf, increase tauhidic and morality ethic	a. Published sukuk-link waqf for special project	Seize
	b. More than 5billion increase in a year	b. Bank Waqf micro and many Waqf corporations	
	c. <i>Qordh Al-hasan</i> at firms, Profit sharing financing in the future	c. Financial technology for cash waqf	
Weaknesses	a. Un-published cash waqf statistic data	a. World wide published-data, nominally	Threats
	b. No standar for <i>Nadzhir</i> to manage fund	b. Create an Islamic governance cash waqf institution	
	c. There is no strategy for developing cash waqf in micro scale	c. Un-integrated long term targets, cash waqf and riil market sector	
Improve	a. International financial cash waqf committee	a. E-report regulation from government	Awareness
	b. International Standar Operational Prosedur of cash waqf	b. Sharia compliance	
	c. Gathering strategy Top to down	c. The importance of controlling committee	

Because the cash waqf environment is constantly changing, the new strategies also change internal strengths and weakness. Environmental scanning is needed on a regular basis to update the SWOT-LISA analysis. The tauhidic epistemology together with morality and ethics are the most effective factor.

**Provides the conclusions and recommendations of the study.**

This case studies and literature review on cash waqf which in effect to build strategic framework needs telescopic observations. Technological advancements, Islamic economic consideration, legal and regulatory requirements are the points of LISA. Focus on new development cash waqf program, including riil market sector, (b) establish the cash waqf statistical datasets, and (c) establish the robustness of the cash waqf finding.

The difficulty in finding the origins of SWOT points can be solved by the differences in SWOT factors, between micro cash waqf, small-to-medium cash waqf



and also large cash waqf. In general, almost every identified success factor is viewed more negatively by micro cash waqf institutions compared to the larger.

The future of SWOT-LISA analysis seems to lie in ordering the variables and moving toward weighting them will help add focus for decision maker. With ranked variables, prioritization of strategies will be improved and ways to close the key gaps internally and externally can be addressed. It can lead to additional knowledge of the cash waqf development and improve the strategic positioning by the experts.

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