EXPLORING THE FACTORS OF ORGANIZATION STRUCTURE TO IMPROVE WAQF MANAGEMENT IN MALAYSIA

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Abstract

Waqf is one of the Islamic financial instruments that has been proven historically in empowering Muslim society. In Malaysia, waqf is managed by the State Religious Islamic Council (SIRC) of each state as the sole trustee of waqf. Hence, this situation has resulted in different management and organization structures. This study was conducted to explore the differences in organization structure and its waqf management. In depth interviews were conducted involving 12 informants from seven waqf institutions. The findings revealed that appropriate arrangement within the organization structure can help the institution to focus on their waqf management; hence the desired performance can be achieved. Two options in changing the structure were revealed, namely internal and external re-organization. Three factors of organization structure need to be carefully examined and considered, which are organization size, professionalism and authority to execute the re-organization, both internally and externally. SIRCs have to carefully examine the number of staff needed including staff with professional background to make sure the workload can be reduced and the management can be improved. Most of the SIRCs do not have the authority to hire more staff and change their structure. External re-organization of waqf management is one of the suggestions to gain the authority.

Keywords: organization structure, waqf management, authority, organization size, professionalism.

INTRODUCTION

Organization structure is a fundamental of organizations (Robbins, 1990). It should not remain static as the internal and external environment of the organization are always dynamic. Changes in organization structure can be seen in the organizations of waqf in a number of Muslim countries. Starting from 1987, a new organization was
found under the name of Public Corporation of Awqaf in Sudan. Year 1993 had witnessed the re-organization of the ministry of Awqaf in Kuwait whereby a General Secretariat of Awqaf was created as an autonomous entity through the governmental body to manage the Awqaf in Kuwait. Qatar had also remodeled its ministry of Awqaf along similar lines (Kahf, 1999).

In Malaysia, change of organization structure by the sole trustees of waqf had been executed by several State Islamic Religious Councils (SIRCs). Originally, waqf management falls under the jurisdiction of the SIRCs. Under certain clauses, the SIRCs can also establish wholly-owned subsidiary to manage waqf, just like what had been done in Negeri Sembilan and Selangor. Other than that, the typical structure of the SIRCs is managing waqf under a department or sub-unit.

The purpose of changing the structure of waqf management is to enable better performance in waqf management. Majlis Agama Islam Selangor (MAIS) had been instructed by His Royal Highness to establish a different entity out of MAIS to empower waqf management. In 2011, Perbadanan Wakaf Selangor (PWS) was set up as MAIS’s wholly-owned subsidiary to be fully responsible for the management and development of waqf properties in Selangor. Early observation by Nurul Azma and Muhammad Nasri (2015) found that after the change in the structure, the performance of PWS improved significantly especially in the cash waqf collection. This finding has raised several questions that need to be answered. Does the change in the structure really contribute in improving waqf management? If it does, why didn’t the other SIRCs follow MAIS’s footstep? What are the factors relating to organization structure that needs to be considered in executing the change of structure?

Hence, this article attempts to explore and answer the above questions. The paper proceeds as follows; the next section presents a review of the literature followed by the methodology employed in the study. This is followed by the findings and the conclusion.

**LITERATURE REVIEW**

Waqf is a charitable act and is also known as an Islamic endowment. From a syari’ah’s point of view, waqf can be defined as retaining certain properties with the intention of using the benefits for philanthropy act, where there is prohibition of waqf assets usage outside of its righteous purpose (al-Zuhaili, 2010). Waqf assets cannot be sold or disposed in any form. The perpetuity principle of waqf means that waqf assets are only liable to increase from its domain since it is illegal to leave them idle by any action of neglect or transgression (Kahf, 1998).

In Malaysia, there are 14 SIRCs that act as the sole trustee in managing waqf. Other than the SIRCs, Jabatan Wakaf Haji dan Zakat (JAWHAR) and Yayasan Wakaf Malaysia (YWM) had been established at the federal level. Both JAWHAR and YWM’s objective is to strengthen waqf management in Malaysia. With the
involvement of JAWHAR and YWM, the development of properties had been included in the national development agenda. The importance of waqf is reflected in the growing volume of research on waqf in various fields such as finance, law, education and management done by academicians.

In waqf management areas, recently a number of researchers had conducted studies on a variety of issues. Among the issues investigated were on ethics (Nor ‘Azzah, 2010), accountability (Hidayatul & Shahul Hameed, 2011), efficiency (Pirasteh, 2011), and governance (Nathasa Mazna & Nurul Aini, 2013). Several researchers discussed the problems and challenges in the management of waqf (Mohamad Zaim, Khadher, Mohd Farhan, & Muhammad Ikhs, 2013; Mohd Afandi, Afiffudin, & Baharuddin, 2014). Based on our review of the literature, we found only a few studies on the organization structure of the SIRCs and waqf management in Malaysia (Hassan Hapizi & Mohamad Idris, 2010; Nurul Azma & Muhammad Nasri, 2015; Nurul Azma, Muhammad Nasri, & Abu Bakar, 2017). Hence, this becomes the motivation for the researchers to explore more on the organization structure in waqf management.

Chandler (1962) defined structure as the design of an organization through which the enterprise is being administered. Robbins (1990) explained that structure is the fundamental of the organizations. Dalton, Todor, Spendolini, Fielding, and Porter (1980) used the term anatomy to address the importance of structure while Ranson, Hinings, and Greenwood (1980) defined structure as the framework of the organization. Through organization structure, the activities and tasks in such organizations are coordinated and delegated (Mintzberg, 1979) so that every member can cooperate to achieve the organizations’ goal. Drucker (1999) emphasized the importance of organization structure as follows;

“The right organization structure is the necessary foundation; without it the best performance in all other area of management will be ineffectual and frustrated (p. 223).”

As stated by previous researchers, structure is an important element in an organization. However, even a good structure does not produce good performance by itself, but a poor structure makes good performance impossible (Drucker, 1999). Unfortunately, there are limited studies on organization structure in waqf management.

A study by Hassan Hapizi and Mohamad Idris (2010) had focused on the organization structure of Baitulmal. They had proposed that Baitulmal should have a few departments for better management. However, the responsibilities of Baitulmal include managing zakah and other properties owned by the SIRCs. Hence, this study did not specifically focus on waqf management. Meanwhile, the study by Nurul Azma and Muhammad Nasri (2015) focused on reviewing the literature while Nurul Azma et al. (2017) only study PWS, using a qualitative approach in investigating the structural
issue in PWS. In contrast, this study explores the issue from the perspective and experience of several SIRCs.

There are also a few studies in the wider area of waqf that discussed issues related to organization structure, such as organization size and professional involvement. The issue of the need for a sufficient number of the right people to manage waqf had been addressed by previous researchers such as Kamarudin (1992), Abu Bakar (2007), Sohaimi and Syarqawi (2008) and Anan (2015). They noted that the SIRCs do not have enough staff to compile data on waqf properties, oversee waqf land and promote cash waqf. Due to these issues, the SIRCs do not have a complete data bank on waqf properties, intrusion of waqf land and slow progress of cash waqf. On the issue of professional involvement, the studies by Hari and Asmak (2010) and Hidayatul and Shahul Hameed (2011) had stated that, the involvement of professionals will be helpful to improve waqf management. However, these studies did not focus on the SIRCs. The involvement of professionals in waqf management had been mentioned by His Royal Highness Sultan Nazrin Muizzudin Shah in his speech during the launching of Ar-Ridzuan Waqf Fund;

“the people entrusted in managing these waqf (are) selected from competent, knowledgeable and dynamics professional, and have these personal qualities namely trust, honesty, transparency and sincerity...a high-skilled management team with a great deal of experiences in financial governance, investment and real estate development..(pg 5)”

The above discussion shows that the organization structure in waqf management has not been fully explored by previous researchers, especially in Malaysia. Hence, this study attempts to explore this issue in the Malaysian context. The methodology of the study is explained in the following section.

**METHODOLOGY**

This study was designed by using the inductive approach where a qualitative approach was employed to explore the organization structure factors in waqf management. There are 14 SIRCs which act as the sole trustee of waqf in Malaysia. These SIRCs were clustered into two groups, Group A and Group B, based on their organization structure. Group A represents the SIRCs that had established a new subsidiary to manage waqf. Sarawak, Negeri Sembilan, Selangor and Wilayah Persekutuan are in this group. Group B represents the rest of the SIRCs, those that have a division or sub-unit to manage waqf in their organization. We chose two SIRCs from Group A and four SIRCs from Group B. To strengthen our findings, we conducted interviews with representatives from YWM, the federal agency under the Prime Minister’s Department that works closely with the SIRCs regarding waqf. However, several informants wished to remain anonymous, considering the
sensitivity of the issues being investigated. Due to ethical consideration, the actual states and informants are disguised and subsequently coded as in Table 1 below.

**Table 1**: Information of States and Informants

<table>
<thead>
<tr>
<th>Group-State</th>
<th>Position</th>
<th>Experience</th>
<th>Informant Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-State 1</td>
<td>Chief Executive Officer (CEO)</td>
<td>More than 5 years</td>
<td>RA-1</td>
</tr>
<tr>
<td>A-State 1</td>
<td>Head of Department</td>
<td>More than 10 years</td>
<td>RA-2</td>
</tr>
<tr>
<td>A-State 2</td>
<td>Executive</td>
<td>More than 5 years</td>
<td>RA-3</td>
</tr>
<tr>
<td>B-State 3</td>
<td>Head Unit</td>
<td>More than 10 years</td>
<td>RB-4</td>
</tr>
<tr>
<td>B-State 3</td>
<td>Head Unit</td>
<td>More than 5 years</td>
<td>RB-5</td>
</tr>
<tr>
<td>B-State 4</td>
<td>Head Unit</td>
<td>Less than 5 years</td>
<td>RB-6</td>
</tr>
<tr>
<td>B-State 5</td>
<td>Vice CEO</td>
<td>More than 15 years</td>
<td>RB-7</td>
</tr>
<tr>
<td>B-State 5</td>
<td>Head Unit</td>
<td>More than 5 years</td>
<td>RB-8</td>
</tr>
<tr>
<td>B-State 6</td>
<td>Head Unit</td>
<td>More than 15 years</td>
<td>RB-9</td>
</tr>
<tr>
<td>B-State 6</td>
<td>Head Unit</td>
<td>More than 10 years</td>
<td>RB-10</td>
</tr>
<tr>
<td>Federal</td>
<td>Executive</td>
<td>More than 5 years</td>
<td>F-11</td>
</tr>
<tr>
<td>Federal</td>
<td>Executive</td>
<td>More than 5 years</td>
<td>F-12</td>
</tr>
</tbody>
</table>

All interviews were set in the informants’ office, conducted mainly in the Malay language, and later translated into English by the researchers. The interviews were taped and then transcribed to ensure that every statement is recorded for the analyzing process. The researchers used the data analysis framework of Miles Huber­man and Saldana (2014) involving the process of data condensation, data presentation, and drawing and verifying conclusions. The data analyses were conducted using Atlas.ti V8. The findings were then compared and are discussed in the next section.

**FINDINGS AND DISCUSSION**

**Organization structure and waqf management**
From the interviews, all informants from Group A agreed to the establishment of the wholly-owned subsidiary and to manage waqf separately from the SIRCs, so that this subsidiary can focus only on waqf and to plan ahead to improve its performance. Both RA-1 and RA-2 revealed that the effects of proper restructuring plan carried out by their SIRC can be seen in their aggressive marketing plan, significant increase on cash waqf collection and innovation on waqf products. As for the internal administration, the sub-units should be arranged systematically to avoid any problems such as backlogs as they had already experienced it in the SIRC. Several systems and softwares such as Geographic Information System (GIS) for example, were introduced for smooth and systematic management.

From Group B, two options of changing the structure had been identified. The first option is to do the internal re-organization and the other one is external, which means to establish a new subsidiary under the SIRCs. All the SIRCs in Group B had done their internal re-organization recently. New units or departments had been created; the old one had been rebranded or re-named, a few departments or units were re-arranged, the staffs were evaluated and shuffled and new staff were hired. These are among the changes that had happened when they carried out the re-organization plan. Informant RB-7 revealed the reason of the internal re-organization as per comment;

“...we did our review and we found out that there’s overlap of tasks...the workflow isn’t smooth... unrelated tasks were put under our department.. hence, we decided to re-arrange and remove unnecessary responsibilities from our department.. (RB-7)”

The informants from State 6 mentioned that the attempts to change the structure externally had been done a few times in the last 15 years, but failed. Among the reasons for the failure is because they did not have full authority to change the structure. This constraint will be explained in detail in the next sub-section. However, RB-9 revealed that they got the approval for both internal and external re-organization recently in 2016. The departments were re-arranged and new subsidiary was also being set up. But the informants could not give any details on the subsidiary as it is still in the preliminary stage.

Both informants from the federal agency had given positive responses on the structural changes that had been carried out by the SIRCs, either internal or external. This is because both are well aware of the limited manpower problem and the SIRCs could not focus only on waqf management. From the interviews, most of the informants mentioned about the ability of the institutions to focus solely on waqf management by having appropriate arrangement in their structure. A few informants added that by being focused, the performance of the institutions regarding waqf can be improved. This had been discussed in detail by Nurul Azma et al. (2017) where it seems like external re-organization needs a lot of deliberation. Thus, the other
SIRCs should consider internal re-organization as an option. The following discussions explain a few factors of organization structure that need to be considered to improve the management of waqf.

Organization Size
The number of staff represents the organization size. The change in staff number either at the operational or higher level management means there is a change in the organization size. Determining the size of the organization is important and it should be parallel with the organization objectives. During the interviews, organization size was the issue that had been echoed by all the informants, where most of the waqf organizations associated the lack of staff with workload issue. Informants RA-1 and RA-2 had shared their previous experience when waqf was still under the SIRC. During that time, the function and ability of Waqf Unit were very limited; waqf land registration took a long time and other responsibilities such as development and rental were under other departments.

In Group B, the informants from the SIRCs that have fewer than 20 staffs to manage waqf were having a hard time. Informant RB-5 had commented on this issue as below;

“..workload is a serious matter here..one staff might do the works that should be done by three or four people..with the current number of staff, it is really hard..(RB-5)”

The informants explained that the nature of responsibilities in managing waqf always requires the staff to go out for marketing appointments or site visits. Sometimes, due to the distance, to the staff will be out of the office for one full working day. This situation creates backlogs in their office works. RB-10 positively mentioned that they just do whatever they can within their capability. The higher management knows the problem; hence they could not set the Key Performance Indicator (KPI) to evaluate the staff or the department. RA-3 also mentioned the same problem as stated by RB-10.

From the interview, we noticed that there are two types of organization size in managing waqf. The first type is the SIRCs that have less than 25 staff who are responsible for waqf management. The second type is the SIRCs with 26 to 50 waqf staff. Normally for the first group, they do not have the authority to hire more people and the workload is double, or maybe triple from the normal workload. For the second group, they have the authority even if it is limited, but the workload is still manageable compared to the first group.

It is not easy to determine how many staff are needed to manage waqf because each SIRC has different settings and management systems. Among the factors or indicators that relate to the number of staff needed as mentioned by the informants
were the annual revenue of the institution, the total amount and the value of waqf land, the total distance between every district in the states and also the KPI. It is important to have the optimum number of the right staff to achieve the desired performance. Together with the quantity issue, the informants also mentioned about the involvement of staff who possess specific background and experience, or the professionals, other than only religious background.

Professionalism
As mentioned earlier, professional means competent, highly-skilled and have experiences in specific areas such as legal, property development and investment for example. It has been mentioned by previous researchers that the typical SIRCs hired people with religious background. However, our interviews revealed that a number of the waqf organizations nowadays were no longer the same as before. The selections of the staffs were based on the technical skills and requirement needed, as per RB-8 said below;

“..before this we have staff with religious background..but nowadays in this department we hire people from management, engineering..depending on the job requirement..(RB-8)”

Informants RB-5, RB-7 and RM-10 provided similar responses as the above statement. They explained further that, even if the academic background did not match with the requirement, the organizations will also look into the previous experiences and skills that are worthy and will benefit the SIRCs in managing waqf. However, RB-10 mentioned that if the staff has both religious and professional background, that is a bonus.

There are also informants that relate the involvement of the professionals with financial matter. RA-2 explained that in managing their waqf land, they have their own experts to do land demarcation, to estimate the value of the lands and other properties for their internal record. Having to hire other professionals or other parties to do the evaluations require a lot of money to cover the fees. Furthermore, not all the land they owned have the potential to be developed. But for development purposes, involvement from outside bodies such as the Valuation and Property Services Department is inevitable. But at least, for internal purpose, they have systematic data with estimation values as their record while the other SIRCs still suffer from incomplete record.

Meanwhile, RB-4 had criticized the involvement of staff with religious background, which it would cause unfavorable circumstances in development of waqf properties as stated below;

“..when we have lots of people with religious background in waqf management, without involvement from corporate people, academicians,
businessman, the result can be seen in the traditional and Islamic projects. We are not doing projects with economic benefits..(RB-4)"

The function of waqf organizations should not be limited to religious activities related to mosques and Muslim cemeteries. The potential in terms of economic benefits should be explored and fully exploited through appropriate projects and developments. To achieve this, waqf management team should have onboard those who have the skills, expertise and experience needed.

However, the additional manpower and professionals needed by waqf organization have long-term repercussions, especially on the financial aspect. Due to this issue, the SIRCs did not have the authority to hire more staff. This issue is explained further in the following section.

Authority
Authority was one of the constraints why the SIRCs were facing problems in hiring more contract or permanent staff or changing their organization structure. From the interviews, a few external parties which have the authority to give approval were identified, namely the State Government and the Public Service Department (PSD). However, each state is in different situations with regard to this matter. For State 1, having set up a wholly-owned subsidiary with their own scheme of service, in order to hire additional staff, they have to get approval from their SIRC. Except for State 1, the other SIRCs need approval from the PSD to hire permanent staff because this will involve the pension scheme. The informants from State 2, State 3 and State 6 mentioned that the authority is held by the State Government. RB-5 echoed his frustration about the issue, as per comment below;

“..it’s not like we don’t have money (to hire)..we are a self-financing body..if for permanent staff it is okay because it relates to the pension scheme..even to hire the contract staff we still need to go through a lot of meeting and process involving the State Government..(RB-5)”

Meanwhile, there are also states that have full authority in hiring new contract staff, which are State 4 and State 5. Informant RB-6 however mentioned about their financial situation as a constraint in hiring more manpower. In contrast, RB-8 revealed that they did not have any problem in hiring more staff, as shown by the following statement;

“..the performance and goal were set high..we should have enough staff to achieve them..we don’t have problem to hire contract staff..the problem is only to change the contract to permanent scheme..(RB-8)”

When the SIRCs do not have the authority in hiring staff and need approval from other external parties, this creates delays and backlogs on this matter. The
Informants revealed that the approval took a few years, since they have to go back and forth to improve and amend their proposal. When they got the approval a few years later, it is still not enough to fulfill the current requirement of human resources.

To tackle the issue, several informants had proposed external re-organization. This suggestion was almost similar to what was done by MAIS and PWS. RB-10 had mentioned that the external audit also suggested the same thing. By doing this, they will have the full authority in hiring staff. However, the external re-organization plan still needs the approval from the related parties mentioned above. This huge decision requires a lot of research on the financial, legal and strategic planning matters, just to name a few. As mentioned by all the informants involved in this study, the appropriate arrangement of the structure helps the institutions to focus only on waqf management. The same effect will be achieved if external re-organization plan is carried out successfully and a new structure is formed.

CONCLUSION

Waqf is one of the powerful instruments for economic growth in a Muslim society. The management of waqf is an important issue to be resolved in Malaysia. There have been a lot of ideas suggested to the SIRCs to improve and achieve the desired performance in waqf management. This study has looked into the organizational structure factors. Seven institutions were involved in this study. Six were the waqf institutions from the state level and one was from federal level. Two types of structure had been reviewed, namely the subsidiary and the SIRCs. The findings reveal that the appropriate arrangement in structure provides an opportunity to the institution to focus on waqf management. By being focused, the performance of waqf management can be improved. The structure can be changed through two options; either by executing internal or external re-organization.

A few factors of organization structure have to be carefully examined and reviewed in order to implement the changes, including the organization size as well as the involvement of professionals and the authorities. The size of the organization has always been mentioned by previous researchers. In this study, the same problem had been discussed. The lack of staff is one of the typical problems of the SIRCs. Other than that, the involvement of professionals in waqf management is still limited. However, a number of these institutions have already realized the need to hire more professionals or technical experts. A few of the SIRCs did not have the full authority to make decisions on hiring more people. Any changes planned by the SIRCs, either involving external or internal aspects, need to be carefully planned, considering the various risks and opportunities associated with those aspects to avoid incurring a bigger risk. Overall, the organization structure should not be static, as the environment in which the organization is operating in is dynamic.

REFERENCES


