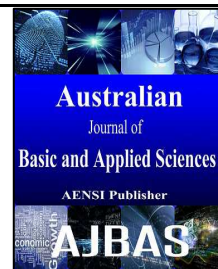




ISSN:1991-8178

Australian Journal of Basic and Applied Sciences

Journal home page: www.ajbasweb.com



Coordinating of *Waqf*, *Wasiyyah* and *Faraid* in Islamic Wealth Distribution

¹Muhammad Ridhwan Ab. Aziz and ²Nurul Izzati Nordin

¹Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM), Bandar Baru Nilai, 71800, Nilai, Negeri Sembilan, Malaysia.

²Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM), Bandar Baru Nilai, 71800, Nilai, Negeri Sembilan, Malaysia.

ARTICLE INFO

Article history:

Received 10 October 2015

Accepted 30 November 2015

Available online 31 December 2015

Keywords:

Wealth distribution, *waqf*, *wasiyyah* and *faraid*.

ABSTRACT

Lack of efficiency in administration as well as attitude of the legal heirs are the factors that cause frozen assets. It is estimated that RM 66.6 billion of the property could not be distributed to the legal heirs due to several reasons. The majority owner of those assets are Muslims. Even though estate management planning in Islam is divided into two, during the lifetime and after the death of owner property, still there is occurrence of the problem. In order to solve this issue, people should be exposed to the way of distribution of property including before and after the death. Thus, the objective of this paper is to investigate on coordinating of *waqf*, *wasiyyah* and *faraid* in Islamic wealth distribution among Malaysian Muslims. The methodology of research in this paper is through quantitative research based on 127 selected respondents in Malaysia. As a results of this study, basically the respondents agreed that by coordinating of *waqf*, *wasiyyah* and *faraid* could ease burden of the owner and heirs as well as could reduce issues of frozen assets to the lowest level.

© 2015 AENSI Publisher All rights reserved.

To Cite This Article: Muhammad Ridhwan Ab. Aziz and Nurul Izzati Nordin., Coordinating of *Waqf*, *Wasiyyah* and *Faraid* in Islamic Wealth Distribution. *Aust. J. Basic & Appl. Sci.*, 9(37): 304-309, 2015

INTRODUCTION

Wealth distribution is an important discipline of wealth management. Wealth distribution seeks to make proper planning so that the accumulated wealth can be managed and distributed accordingly to the wishes with minimum hassles. There are various tools or mechanisms in planning wealth distribution such as *hibah*, *waqf*, *wasiyyah*, *faraid*. Basically distribution of wealth may occurs during lifetime or upon the death (Amir Bahari, 2014).

Increasing in the issue of frozen assets every year was very alarming. It is estimated RM66.6 billion assets turned into frozen assets caused by deceased itself as well as his or her heirs. Basically, frozen assets occurs after the death of someone. When assets were declared as frozen assets, it will take a lot of procedures and take longer time to settle down unless when the deceased have already planned on how to distribute his or her estate. Factor of frozen assets may be caused by several reasons. The factor of frozen assets caused by deceased itself lay on the issues not leaving a will or do not have proper documentation in planning wealth distribution. While the issues of frozen assets caused by heirs is due to the attitude of the heirs which do not have time to manage estate as well as do not have knowledge in

the process of administration and distribution of estate. Thus, based the issues in increasing of frozen assets, many previous researchers have conducted a study in this field. Majority of them found that the practice of planning assets still far behind since the rate in planning wealth was low (Muhammad Ridhwan Ab. Aziz *et al.*, 2015; Shafinar *et al.*, 2013; Alma'amun, 2008).

Therefore, based on the issues in frozen assets, the purpose of this study is to investigate the relationship between awareness of Malaysian Muslims towards coordinating of *waqf*, *wasiyyah* and *faraid* in wealth distribution. This paper is divided into four sections. This introduction is followed by the literature review and research methodology. Lastly, this paper will be concluded with conclusion and recommendation section.

Literature Review:

2.1 Conceptual Definition:

Waqf (*Awqaf/wuquf*) literally means to stop, contain or to preserve. Technically, *waqf* means withholding one's property to eternally spend its revenue on fulfilling certain needs depending on the choice and conditions made by *al-waqif* or the person who owns the property (Muhammad Ridhwan Ab. Aziz, 2012). While Ihsan and Ibrahim (2007) defined

Corresponding Author: Muhammad Ridhwan Ab. Aziz, Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM), Bandar Baru Nilai, 71800, Nilai, Negeri Sembilan, Malaysia.
Tel: +606-7986410; E-mail: ridhwan.aziz@usim.edu.my.

waqf as a donation and considered as an act of charity that can be characterized as *sadaqah jariyah* (ongoing charity).

The general idea of *waqf* properties is devoted to public and community use as socio-economic development since the property is not belong to specific individual but the ownership is belong to Allah (Kahf Monzer, 2003). While in other perspective, *waqf* also one of the mechanism that can be used to manage wealth distribution either using *waqf ahli* or *waqf khairi*.

Wasiyyah is derived from the word '*wassa*' which means to order, advise, promise or give away property after the death. Literally, *wasiyyah* can be defined as a declaration of a person made during his life time with respect to his property or benefit thereof, to be carried out for the purpose of charity or for any other purposes permissible by Islamic law, after his death (Muhammad Ridhwan Ab. Aziz, 2012; Hassan, 2008). Every Muslim has an obligatory duty to plan *wasiyyah* as prescribed by Allah in Al-Quran (Surah Al-Baqarah: 180). However, these will be limited to only a one-third of property. The limitation in *wasiyyah* is based on Hadith narrated by Bukhari and Muslim: "Saad bin Abi Waqqas said: "The Messenger has come to see me while I was in Mecca. I said, O Allah's Apostle! I have much property and no heir except my single daughter. Shall I give two-thirds of my property in charity?" He said, "No." I said, "Half of it?" He said, "No." I said, "One-third of it?" He said, "You may do so through 1/3 is also too much, for it is better for you to leave your off-spring wealthy than to leave them poor, asking others for help."

Wasiyyah in Islam is not only seen as a part of *ibadah*, but it is also been considered as a part of social responsibility because indirectly it contributes to socio-economic through *sadaqah jariyyah* (Zurina Shafii *et al.*, 2013).

According to Islamic terminology, there are few definitions given to the *faraid*. Some scholars have defined *faraid* as a division that have been prescribed under Islamic terminology to the heirs. Besides that, *faraid* also refers as a knowledge related to the *fiqh* of inheritance where it allowed a person to know the proportion that he or she entitled from the estate of deceased. Thus, it can be concluded that, *faraid* is the division of the estate after the death of a Muslim who has been prescribed under Islamic law on the legal heirs and entitled (as daughter, wife, husband, mother, father, etc.) (Wahbah Zuhaili, 1985; Mustapha Al-Khin, Mustapha Al-Bugha and Ali Al-Syarbaji, 2009)

2.2 Coordinating of Islamic Wealth Distribution:

Coordination usually occurs in the management of organization. While perception is about how individuals perceive about something and it is depended on the level of knowledge and awareness of that individuals. Same goes to the perception on

coordinating in wealth distribution. Basically, according to Brech (1975) "coordination is balancing and keeping together by ensuring suitable allocation of activities". In other words, coordinating provides the necessary synchronization between the activities. Therefore, coordination through planning can be defined as facilitates coordination by integrating the various plans through mutual discussion and wealth distribution (Karminder Ghuman, 2010).

According to Stephen M. Davidson (1976), planned coordination is a popular strategy intended by cost-conscious policymakers to eliminate waste and the duplication in the provision of social science.

Issues of inefficiency of the estate distribution is the result of overlapping powers by various authorities that lead to the public confusion (Muhammad, 2007). This is because in the process of claiming estate, there are different process and procedure applicable by different authorities because different authorities have their owned standard and procedure in the administration of estate distribution. Similarly, when individuals want to plan wealth distribution, there are various institution whether from public or private organization that provide services for planning wealth distribution. And, every organization has their own forms and procedure to plan.

Generally, the practice of coordination in planning wealth distribution have been practiced by as-Salihin Trusty Berhad (company provided service in estate and wealth management planning) when this company coordinate *wasiyyah* with other mechanisms such as jointly-owned assets (husband and wife), *Pre-Hibah* and many more. Besides that, Amanah Raya Berhad (ARB) through subsidiary company Amanah Raya Legacy Berhad has worked together with Yayasan Waqf Selangor in providing service for planning *waqf* in *wasiyyah* (ARB, 2010).

Methodology:

The research methodology used to carry out this study is quantitative method through the questionnaire. The questionnaires were obtained by distributing to a sample of 127 respondents in Malaysia. The sampling procedure adopted for this research was simple random sampling. Each respondent is required to answer close-ended questions which is to identify perception in coordinating of Islamic wealth distribution using *waqf*, *wasiyyah* and *faraid* concepts. The authors employ SPSS (Version 20) in order to conduct frequency analysis, descriptive analysis and reliability analysis. Frequency analysis is used to extract the percentile of the respondent's demographics in terms of their gender, age, marital status, education level, job, income and total assets. Mean and standard deviation are computed for descriptive analysis. The reliability test is used to examine the internal consistency whether all the

items are measuring the same underlying construct (Gliem JA and Gliem RR, 2003).

Findings:

Respondent's Profile:

As presented in Table 1, most respondents are male, which represent 66.1 percent while female represent only 33.9 percent. Out of 127 respondents, 33.9 percent representing age from 47-57 years old followed by 32.3 percent for 25-35 years old while the lowest responses was 4.7 percent from below 25 years old. Next, most respondents are married with 82.7 percent and 17.3 percent are single. Further, this study found that 55.9 percent of the respondents were diploma or degree holders and the least responses

from respondents was primary school (0.8). Based on the job, majority of the respondents work at private sector with 46.5 percent while government sector was 21.3 percent and least percentage was from unemployed with 6 percent. Next, 40.9 percent of the respondents earned monthly income (RM 1001-RM 2999) followed by 26.8 percent (>RM 5000). While the least amount earned by the respondents was 15 percent (< RM 1000). Lastly, for total assets earned by the respondent, 40.9 percent was the highest percentage for total assets owned by the respondents (< RM 50, 000), followed by 18.1 percent represents RM 300,001- RM 600, 000. While the lowest percentage for total assets was 8.7, which is represented between RM 50, 001- RM 100, 000.

Table 1: Respondent's profile.

		Frequency	Percent
Gender	Male	84	66.1
	Female	43	33.9
Age	< 25 years old	6	4.7
	25 -35 years old	41	32.3
	36 - 46 years old	22	17.3
	47-57 years old	43	33.9
	> 57 years old	15	11.8
Marital Status	Single	22	17.3
	Married	105	82.7
Education	No formal education	0	0
	Primary school	1	0.8
	SRP/PMR/SPM/	29	30.7
	Vocational	71	55.9
	Diploma/Bachelor	16	12.6
Job	Unemployed	6	4.7
	Housewife	8	6.3
	Self-employed/ businessman	16	12.6
	Government employee	27	21.3
	Private sector	59	46.5
	Retired	11	8.7
Monthly income	< RM 1000	19	15.0
	RM 1000-RM 2999	52	40.9
	RM 3000-RM 4999	22	17.3
	> RM 5000	34	26.8
Total assets	< RM 50 000	52	40.9
	RM 50,001-RM 100,000	11	8.7
	RM100 001- RM 300 000	21	16.5
	RM300 001- RM 600 000	23	18.1
	> RM 600 000	20	15.7

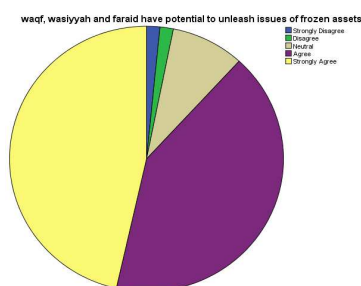


Fig. 1: Waqf, wasiyyah and faraid can help to ease burden of heirs.

Reliability and Descriptive Analysis:

Table 2 below demonstrate the result of the reliability test, whereby the Cronbach's Alpha reliability coefficient is obtained. The variable of perception towards coordinating waqf, wasiyyah and faraid is 0.817 and it is considered acceptable to measure for this study. The reliability of the measure indicates the internal consistency of the instruments and to measure the confidence level of the data collected.

Besides reliability, table below also illustrates the descriptive analysis results. Among the items on perception towards planning of waqf, wasiyyah and faraid in wealth distribution, statement of 'Coordinating wealth distribution can help to ease the burden of heirs' score the highest mean 4.37; meaning that it is the most influence factor for variable perception towards coordinating. The standard deviation of 0.775 shows how much variation or dispersion exists from its mean. Second highest score was 'waqf, wasiyyah and faraid have

potential to unleash issues of frozen assets' with the score of mean is 4.30 with standard deviation is 0.820. While perception pertaining to action in

coordinating of wealth distribution shows lowest mean with 3.15 with the standard deviation is 1.260.

Table 2: Reliability analysis.

Cronbach's Alpha	Mean	0.817
		Standard Deviation
I have coordinate my belongins using waqf,wasiyyah and faraid	3.15	1.26
Waqf, wasiyyah and faraid have potential to unleash issues of frozen assets	4.30	0.82
Coordinating wealth distribution could reduce the problem of frozen assets	4.24	0.842
I know and understand the process and procedure to coordinate Islamic wealth distribution	3.51	1.075
I have coordinated my wealth through proper documentation by myself	3.08	1.152
I have coordinated my wealth through proper and authorized channel	3.13	1.164
Coordinating wealth distribution can help to ease the burden of heirs	4.37	0.775

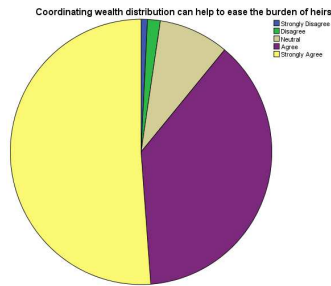


Fig. 2: Coordinating can help to ease burden of heirs.

Based on the figures 1 and 2 above, majority of the respondents have positive response (strongly agree and agree) towards perception of coordinating in planning of wealth distribution. Majority of them response coordinating has the potential to unleash and reduce issue in frozen assets. The positive responses was represented by yellow (strongly agree) and purple colour (agree). While only minority of them give opposite responses represented by blue and green colour.

majority of them have positive perception compared to negative perception. Majority of them have strongly agreed (yellow colour) and agreed (purple colour) to the statement. While same as previous results, this figure also have minority opposite responses.

Figure 3 shows statement of 'Coordinating wealth distribution can help to ease the burden of heirs'. Based on the responses by the respondents,

Figure 4 shows statement of knowing and understanding the process and procedure to coordinate wealth distribution. Based on the result, the respondents show agree and neutral (represent purple and grey colour) as the highest responses for this statement.

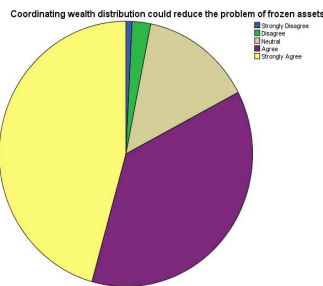


Fig. 3: Coordinating could reduce frozen assets.

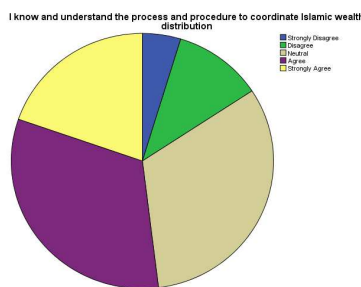


Fig. 4: Knowledge in process and procedure to coordinate wealth distribution.

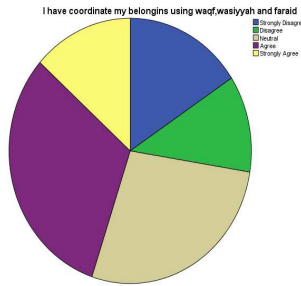


Fig. 5: Action to coordinate waqf, wasiyyah and faraid.

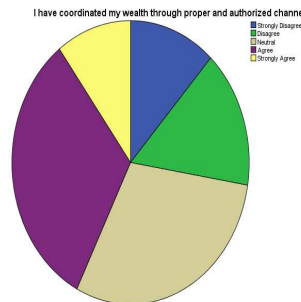


Fig. 6: Action towards proper coordinate through authorized parties.

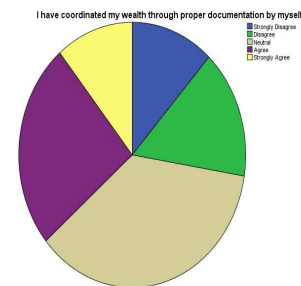


Fig. 7: Action towards proper coordinate by self.

Based on the figures 5, 6 and 7 towards action in coordinating of *waqf*, *wasiyyah* and *faraid* in planning wealth distribution, it indicates that the responses of the respondents are quite similar for three of the statements. Once again, agree (purple) and neutral (grey) responses show the highest feedback from the respondents. But, what made these figures different from figure 4, the responses for strongly agree (yellow), strongly disagree (blue) and disagree (green) have quite similar percentage as a feedback.

Conclusion:

Based on the results obtained from this study, it can be concluded that coordinating of *waqf*, *wasiyyah* and *faraid* in one document has potential role to unleash and reduce issues of frozen assets. Besides that, coordinating of mechanisms in planning wealth distribution could make the process of planning becomes easier and proper documented.

Therefore, based on this study, it is hoped that development of new model in planning and coordinating of wealth distribution on *waqf*, *wasiyyah* and *faraid* could reduce issue of frozen assets as well as reduce the burden of existing system in planning of wealth management.

ACKNOWLEDGEMENT

This research is benefited from the funding of the Fundamental Research Grant Scheme (FRGS) (Model for Planning and Coordinating of *Waqf*, *Wasiyyah* and *Faraid* Wealth Distribution Before and After the Death among Muslims) (USIM/FRGS-FEM-32-51913).

REFERENCES

ARB, 2010. *Majlis Menandatangani Memorandum Persefahaman Yayasan WAQAF*

Malaysia (YWM) & AmanahRaya Berhad (ARB). Retrieved from <<http://www.arb.com.my/bm/index.asp?fuseaction=Content.View&ID=186>>. Accessed 20 May 2015.

Davidson, M., Stephen, 1976. "Planning and Coordination of Services in Multi-Organizational Contexts," *Social Service Review*, 117-137.

Gliem, J.A., R.R. Gliem, 2003. Calculating, interpreting, and reporting Cronbach's alpha reliability coefficient for Likert-type scales. Midwest Research to Practice Conference in Adult, Continuing, and Community Education. p. 82-8. Available at: <http://www.alumni-osu.org/midwest/proceeding.html>. Accessed : 28 January 2015.

Ihsan, H., S.H.H.M. Ibrahim, 2007. Waqf Accounting and Possible Use of SORP 2005 to Develop Waqf Accounting Standard. Paper presented at first Singapore International Waqf Conference: Integration of Awqaf (Islamic Endowment) in the Islamic Financial Sector, 6-7. Singapore.

Karminder Ghuman, 2010. Management: Concepts, Practice & Cases. New Delhi: Tata McGraw-Hill Education, 473-474.

Muhammad Ridhwan Ab. Aziz, 2014. "A Review in Literatures in Planning and Managing of Islamic Wealth Distribution (2001-2013)". *Library Philosophy and Practice (e-Journal)*, 1144.

Muhammad Ridhwan Ab. Aziz, 2014. "Contributing Factors for Assets' Frozen in Islamic Wealth Distribution Among Muslims". Paper presented at Islamic Banking, Accounting and Finance Conference (IBAF 2014).

Muhammad Ridhwan Ab. Aziz, 2014. "Managing Islamic Wealth Distribution through Waqf, Wasiyyah and Faraid". Paper presented at International Conference in Dakwah and Islamic Management (IC-DAIM 2014).

Muhammad Ridhwan Ab. Aziz, 2012. *Introduction to Islamic Institutions in Economics and Finance*. Bandar Baru Nilai: USIM Publisher, 252.

Shafinar, 2013. "Determinants of Attitude towards Estate Planning In Malaysia: An Empirical Investigation". International Conference on Economics and Business Research (ICEBR) 2013. Retrieved from: <http://www.academia.edu/5015137/Determinants_of_Attitude_towards_Estate_Planning_In_Malaysia_An_Empirical_Investigation>. Accessed on 16 July 2014.

Suhaili Alma'amun, 2010. Islamic Estate Planning: Analysing the Malaysian Perception on Wasiyyah (Will) and Bequest Practice. (PhD Theses). Durham University, 289 -290.

Zurina Shafii, 2013. *Islamic Financial Planning and Wealth Management*. Kuala Lumpur: IBFIM.