

1 **Measuring the needs for the Special Property**
2 **Development Entity (SPDE) for Waqf Property**
3 **Development in Malaysia**

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10 **Abstract.** This paper aims to enhance the approach for developing the waqf
11 properties in Malaysia. A Special Property Development Entity (SPDE) in the
12 context of this article refers to a dedicated development actor that holds the
13 responsibility to develop waqf lands. The intended role of the SPDE is to become
14 the property development arm of State Islamic Religious Councils (SIRCs) in
15 developing the waqf lands. This is expected to overcome the current limitations
16 of SIRCs in entering into the property development while bringing a new model
17 to deal with the issue of undeveloped waqf lands, as well as a better platform to
18 penetrate the property market. The objective of this article is to measure the needs
19 for the establishment of SPDE by SIRCs. By adopting a structured interview
20 technique with fourteen informants from SIRCs throughout Malaysia, the study
21 was able to quantify the needs for the SPDE. The quantification process for the
22 need to establish the SPDE was conducted using the Guttman Scaling, which
23 galvanises the need for versatile SPDE in contribute to the waqf institution.

24 **Keywords:** Special Property Development Entity (SPDE), Waqf Institution,
25 Property Development, Malaysia.

26 **1 Introduction**

27 A Special Property Development Entity (SPDE) refers to the development actor that
28 functions as a dedicated development arm owned by State Islamic Religious Councils
29 (SIRCs) which holds the responsibility to develop lands or assets under the control of
30 SIRCs, including waqf lands. The concept replicates the establishment strategy of
31 Warees Investment Pte. Ltd. (Warees) by the Majlis Ugama Islam Singapura (MUIS)
32 to revive the waqf institution in Singapore through professional management and driven
33 by market and commercial considerations [1]. Sharing the same vision, the SPDE is a
34 strategy to professionally manage the development of waqf lands and focus on dealing
35 with the issue of undeveloped waqf lands. It aims to fill the gap that most SIRCs are
36 unable to attend to due to various limitations.

37 Waqf or religious endowment started from the act of the Prophet Muhammad (peace
38 be upon him) himself after he built a Quba Mosque in Medina soon after his arrival
39 from Mecca. Waqf has existed in parallel with the Islamic civilization itself. It functions
40 to support the social welfare of society through the general good while seeking
41 compound rewards in the hereafter [2]. Waqf has been perceived as a very influential
42 charitable institution that exists in the Muslim civilisation. Despite that, it faces threats
43 from colonization [3, 4], persistent neglect by the public and authorised bodies [5], and
44 an unfavourable administration and legislative framework in the country [6] which is a
45 remnant of the past. This has resulted in what can be termed underperformance or
46 under-development of the waqf institution today.

47 The development progress of waqf properties in Malaysia is still not at an optimum
48 level. A report from the Malaysian Awqaf Foundation reveals that Malaysia has
49 30,888.89 hectares of waqf land, both general and specific [7]. That latest figure is
50 showing a tremendous increase from the previous official records of 11,091.82 hectares
51 from the Department of Waqf, Zakat and Hajj (JAWHAR). However, due to various
52 impediments and improper records that are sometimes beyond the control of SIRC's,
53 the amount of developed waqf land is only about 3,504.72 hectares or 11.35% of its
54 total [7]. Income generations from the waqf properties, specifically the non-religious
55 type of waqf are also weak with only one-fifth of it is producing significant revenues
56 [8]. This indicates that waqf institutions in Malaysia require bold moves by their
57 stakeholders to rectify this, especially the SIRC's who hold the responsibility as sole
58 trustees of waqf assets in the country. Effective and efficient efforts to revitalize waqf
59 institutions are desperately needed in order to fulfill the intentions of waqf donors to
60 deliver benefits to the stipulated beneficiaries.

61 Despite continuous efforts, the results are still subject to discussion because the
62 expectations from the public are relatively high and do not match the capacity of SIRC's
63 due to various impediments. While stopping short of accusing SIRC's of failing to carry
64 out their responsibilities adequately, there are a number of problems that affect them,
65 such as an imbalance in the number of staff, unequal treatment of internal units, limited
66 administrative and development budget, and a lack of professional staff with adequate
67 property development backgrounds [4, 6, 9, 10]. Some of the specified problems are
68 actually beyond the control of SIRC's because they may require approval from a higher
69 authority such as the Board Committee, State Government or the Royal Highness
70 Sultan or King. In addition, some SIRC's' employment schemes are subject to approval
71 from the Public Service Department that controls the employment of staff. The rigid
72 structure of employment control by the Public Service Department having no equal to
73 the enlargement of contemporary roles and functions of SIRC's. It definitely holds back
74 the transformation process of SIRC's.

75 Moreover, as addressed by Çizakça (2008) and Mat Rani & Abdul Aziz (2010), waqf
76 management between states in Malaysia lacks standardisation of legislation,
77 management and implementation due to the exclusive power of the state to manage
78 Islamic religious affairs. SIRC's are protective about this exclusivity and prefer others
79 not to interfere in their business. This situation means that there is little opportunity for
80 the consolidation or unification of waqf institutions across the whole of Malaysia,
81 which would garner the greatest possible advantages from waqf. Neither does the

82 JAWHAR at the federal level have the power to impose standardization among states,
 83 except to facilitate, coordinate and promote the waqf agenda at the national level but
 84 without harming the exclusivity of SIRC.

85 Taking into consideration that SIRC's suffer from certain limitations which prevent
 86 them from developing waqf land and at the same time are sensitive about their role as
 87 the sole trustee for waqf in the state, this study is attracted to the strategy of Selangor
 88 SIRC to establish its own SPDE based on the Singapore waqf institution. The initiative
 89 looks viable, especially when dealing with waqf property development which requires
 90 specialist knowledge and experience to handle matters related to land development.

91 **2 Methodology**

92 The study aims to enhance the perpetual benefits of waqf properties through a proactive
 93 property development approach. The objective is to measure the needs for the
 94 establishment of SPDE in every state and Malaysia generally. The study is a piece of
 95 mixed-method research of an exploratory nature. The data collection instrument was
 96 mainly the structured interview involving all 14 SIRC's in Malaysia that focused on a
 97 waqf development approach specifically. All the informants were selected from high-
 98 level officers who hold the highest waqf management position in the respective state.

99 There were ten interview questions that related to the probability of having SPDE in
 100 their state. It requires the informants to recall their experiences and expectations when
 101 dealing with developers, contractors or any development actors. All of the informants
 102 were responsive and cooperative in giving good answers.

103 Employing the gathered information from the interview, this study then was
 104 conducting the quantification process to measure the level of need for SPDE
 105 establishment based on the a few dimensions that derived from the gathered
 106 information. The process adopted the 'yes/no' unidimensional scaling method known
 107 as the Guttman Scaling. The idea was to see the single-dimensional continuum for the
 108 concept to measure and reveal the hierarchical pattern of the result [13, 14]. The
 109 Guttman Scaling has helped the study to produce a growing pattern for the need of
 110 SPDE establishment by the SIRC's based on the identified dimensions that were asked
 111 in the form of yes/no questions. However, this study must use the 'reverse scale' for
 112 four out of ten available questions in order to turn any disadvantages experienced by
 113 the SIRC's into the contributing score to the need for the SPDE establishment.

114 The 'yes' or 'no' answers then had been translated into 0 and 1 score and will be
 115 used to produce the growing pattern through the accumulated results. The focus of the
 116 questions was mainly on the subsidiary provisions, the SIRC's' subsidiaries,
 117 professionals team availability and development finance availability, which further
 118 asked in the follow questions in Table 1.

119 **Table 1.** The interview questions.

Normal Score Questions

(To show that the item is contributing to the need for SPDE establishment)

No. Question

1. Would you agree on the idea of establishing the SPDE?
2. Are there any provisions allowing for the establishment of subsidiary company under the SIRC?
3. Does the subsidiary company related to the development (project intermediary/project coordinator) is established under the SIRC?
4. Does the SIRC has established any subsidiary company? (Searching some clues for the SIRC to consider corporatizing any of its functions)
5. Is the state has high number of strategic waqf lands?
6. Is the waqf land under the general deeds (suitable for any non-religious type of development) dominating the number of waqf land in the state?

Reverse Score Questions

(To show that any disadvantages are contributing to a higher need for SPDE establishment)

7. Does the SIRC has the full-fledged development subsidiary company complete with development technical professionals?
8. Has the SIRC get enough and constant development budget from the government?
9. Does the SIRC has several waqf development financing alternatives?
10. Does the SIRC has enough in-house development professionals to do the waqf development?

120 The questions were sent prior the interview session and properly sought the permission
 121 for the interview appointment. All the interview sessions were conducted face to face
 122 with the informants and audio recorded.

123 3 Results

124 The answers have been arranged according to Table 2, like a scalogram and the results
 125 for each question then have been calculated per states' rows and questions' columns.
 126 Based on the results, the order of the questions had been rearranged from the highest to
 127 the lowest score. It was to produce a trend of how the state able to fulfil the dimensions
 128 asked in the questions. The overall score of 91 from the maximum of 140 has indicated
 129 a strong altitude for the need of SPDE establishment in the state. The different scores
 130 for the states would indicate different altitude for the SPDE establishment, but it would
 131 take much consideration from the SIRCS.

132 **Table 2.** The measurement for the needs of SPDE establishment according to states.

State	Q2	Q7	Q4	Q8	Q6	Q10	Q1	Q5	Q9	Q3	Score
A	1	1	1	1	1	1	1	1	0	1	9
B	1	0	1	1	1	0	1	1	0	1	7
C	1	1	1	1	1	0	0	0	0	0	5
D	1	1	1	1	0	0	0	1	1	0	6

J	1	1	1	1	1	1	0	1	0	0	7
K	1	1	1	0	1	1	0	0	1	0	6
M	1	1	1	0	1	1	0	0	1	0	6
N	1	1	1	1	0	1	1	0	1	1	8
P	1	1	1	1	1	1	1	1	0	1	9
Q	1	0	1	1	0	0	1	0	0	1	5
R	1	1	0	1	0	1	1	0	1	1	7
S	1	1	0	1	0	1	0	0	1	0	5
T	1	1	0	0	1	0	0	1	1	0	5
W	1	1	1	1	0	0	1	1	0	0	6
Score	14	12	11	11	8	8	7	7	7	6	91

133 Normal score Indicator: 0 = No, 1= Yes; Reverse Score Indicator: 0 = Yes, 1 = No

134 **4 Conclusions**

135 The SPDE is an additional approach for the SIRC that complements the existing
 136 development approaches. The establishment of SPDE would give more options to
 137 develop waqf properties in Malaysia. It is possible to avoid certain governmental
 138 bureaucracies in the SIRCs and increase flexibility to secure the financing facilities and
 139 to hire good talents into the organization. The SPDE could become more responsive to
 140 the market condition and make strategic sustainable decisions. Given in any structure
 141 or statutory framework, the establishment of SPDE is recognises the crucial function of
 142 property developer as one of the prescribed actors in shaping the growth of the built
 143 environment through the production of real estate products. The idea is to bring synergy
 144 to waqf institutions in Malaysia and become a sustainable sector that can generate high
 145 incomes and at the same time safeguarding the social wellbeing.

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