

Investing Muslim Public Funds for Fulfilling Maqāṣid al-Sharī‘ah: A Case Study of Tabung Masjid in Malaysia

Melabur Dana Awam Islam untuk Memenuhi Maqāṣid al-Sharī‘ah: Kajian Kes Tabung Masjid di Malaysia

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Abstract

This study aims at determining the investment strategies of Masjids in Malaysia. Drawing from the success story of Tabung Haj, the study has focused on establishing the need for the efficiency in investing Tabung Masjid toward benefiting the public and fulfilling *maqāṣid al-Sharī‘ah* (Objectives of *Sharī‘ah*). The study introduces a *Maqāṣid* based framework to test the significance of investing TM. The sample consists of 287 mosques in 9 states of Malaysia. Cross-tabulation, ANOVA, and correlations were conducted on the data collected through self-administered questionnaire. Granger causality test is performed on the forecasted investment and development indicators. Cross-tabulation results indicated that amount of donations and investment strategies of tabung vary states in Malaysia. ANOVA results have proved that money saved by mosques in banks varies significantly among states. Tukey test results indicate that mosques in southern states save less amount of Tabung Masjid in the bank compared to the masjid in other states. Correlation results proved that savings in the bank have a negative relationship with the intention toward general and capital investment. Investment of Tabung Masjid is found to have a significant positive causal relationship with economic development. Data used for analysis is of opinion and forecasted values, the exact amount of donation and investment in various sources could not be obtained. Efficient utilization of Tabung Masjid will allow mosques to play a significant role in shap-

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Investing Muslim Public Funds for Fulfilling Maqāsid al-Sharī'ah: A Case Study of Tabung Masjid in Malaysia 284

ing the socio-economic profile of Muslim community in Malaysia and similar initiative will also be helpful for any developing countries.

Keywords: Investment, Public Funds, *Maqāsid al-Sharī'ah*, Donations, Malaysia; Charity, Tabung Masjid.

Abstrak

Kajian ini bertujuan untuk menentukan strategi pelaburan Masjid di Malaysia. Memelajari dari kisah kejayaan Tabung Haji, kajian ini menumpukan kepada keperluan penubuhan untuk kecekapan Tabung Masjid ke arah memberi manfaat kepada orang ramai dan memenuhi Maqasid Al-Shariah (Objektif Syariah). Kajian ini memperkenalkan rangka kerja berasaskan Maqasid untuk menguji kepentingan melabur TM. Sampel ini terdiri daripada 287 masjid di 9 negeri di Malaysia. Tabulasi silang, ANOVA, dan korelasi dijalankan ke atas data yang dikumpul melalui penyelidikan sendiri. Ujian kausal Granger dilakukan pada penanda aras pelaburan dan pembangunan. Hasil penyelarasan menunjukkan bahawa jumlah derma dan strategi pelaburan tabung berbeza-beza di Malaysia. Hasil ANOVA telah membuktikan bahawa wang yang diselamatkan oleh masjid di bank sangat berbeza antara negeri. Hasil ujian Tukey menunjukkan bahawa masjid-masjid di negeri-negeri selatan menjimatkan jumlah Tabung Masjid di bank berbanding dengan masjid di negeri-negeri lain. Hasil korelasi membuktikan bahawa simpanan di bank mempunyai hubungan negatif dengan niat ke arah pelaburan umum dan modal. Pelaburan Masjid Tabung didapati mempunyai hubungan kausal positif yang signifikan dengan pembangunan ekonomi. Data yang digunakan untuk analisis adalah pendapat dan ramalan nilai, jumlah sumbangan yang tepat dan pelaburan dalam pelbagai sumber tidak dapat diperolehi. Pemanfaatan Tabung Masjid yang cekap akan membolehkan masjid untuk memainkan peranan penting dalam membentuk profil sosioekonomi masyarakat Islam di Malaysia dan inisiatif yang sama juga akan membantu mana-mana Negara lain yang sedang membangun.

Kata Kunci: Pelaburan, Dana Awam, Maqasid-Al-Shariah, Derma, Malaysia; Amal, Tabung Masjid.

Introduction

The word *masjid* or mosque has evolved from the world of *sajada* which means devoted, loyal and with bowed heads with full respect and reverence. Mosques are institutions for Muslims to perform congregational prayers and reflect the submission of the Oneness of God. It is one of the most important institutions for Muslims due to its role as a centre for various religious activities. It is also a place for communal gathering, holding various religious ceremonies and rituals, religious education and training¹. During the time of Prophet Muhammad (PBUH), mosques

¹ Ismail, M. F. 2003. *Peranan Masjid Kuala Lumpur: DarulNu'man*. Utusan Publications and Distributors Sdn. Bhd.

played a larger role and covered the aspects of administration, economy, social, security education and expansion of religion².

Mosques require a fund to perform such activities, and individual donations are one of the major funding sources. The fund is needed from the establishment of the mosque itself until to cover various expenses for some routine activities including utility expenses, maintenance expenses and so on. There are other ways mosques manage a fund that include obligatory charity such as *zakat* and voluntary charities, i.e. *infaq*, *sadaqah* and *waqf*. According to the information announced, the average collected fund for mosques in Indonesia is around Rp. 12 million per month which is equivalent to USD 16,000³. Cash savings in the banks for mosques in Perak amounted to RM 3,783,680 from 2009 to 2011⁴. With more than 10,000 mosques nationwide, mosques are used merely for matter relating to the well-being of the nearby community in Malaysia.

Public entities including mosques which utilise public funds as their financial resources should have sound disclosure mechanisms to prove their accountability to the public. Mosques should become more concern with the transparency and presentation of financial statements due to their dependence on public donations. In recent years, mosque fund management has attracted researcher attention⁵. The majority of these studies are in the context of Malaysia focusing accounting, accountability and fund management issues. Sulaiman, Siraj, & Ibrahim

² Mokhtar, Shaikh Ali Mohamad. 2003. *Peranan Masjid Dalam Islam*.

³ Adnan, M. A. 2013. "An Investigation of the Financial Management Practices of the Mosques In The Special Region of Yogyakarta Province, Indonesia." In *Sharia Economics Conference*, 1–13.

⁴ Razak, Azila Abdul, Mohd Yahya Mohd Hussin, Fidlizan Muhammad, and Nurhanie Mahjom. 2014. "Economic Significance of Mosque Institution in Perak State, Malaysia." *Kyoto Bulletin of Islamic Area Studies* 7: 98–109.

⁵ Adil, Mohamed Azam Mohamed, Zuraidah Mohd-Sanusi, Noor Azaliah Jaafar, Mohammad Mahyuddin Khalid, and Asmah Abd Aziz. 2013. "Financial Management Practices of Mosques in Malaysia." *GJAT* 3 (1): 23–29. Hamdan, Norman, Asharaf Mohd Ramli, Abdullaah Jalil, and Asmaddy Haris. 2013. "Accounting For Waqf Institutions: A Review On The Adaptation Of Fund Accounting In Developing The Shariah Compliant Financial Reports For Mosque." In *Transforming Islamic Philanthropy For Ummah Excellence*, edited by UITM and IKAZ. Vol. 2013. UITM. Mohamed, Intan Salwani, Mohamad Noorman Masrek, Norzaidi Mohd Daud, Roshayani Arshad, and Normah Omar. n.d. "Mosques Fund Management: A Study on Governance and Internal Controls Practices." *Recent Advances on Finance Science and Management*. Zain, Siti Rokyah Md, Mohamed Muneer Bin Samsudin, and Ahmad Zamri Osman. n.d. "Issues and Challenges: An Exploratory Case Study on Mosques Institution in Federal Territory."

found that the embezzlement of funds from mosques is more common due to lack of accountability and lack of commitment to accounting⁶. Lack of internal control system have already been identified for mosques in different parts of Malaysia⁷.

This study has focused on a unique aspect that related to the ability of efficient investment of tabung masjid toward achieving *Maqasid-al-Shari'ah*. The lack of governance mechanisms and expertise often prevents mosque management to fully utilise TM toward benefiting the greater community. Results provided by the study will benefit regulators and stakeholders in realising the importance of selecting efficient investment source for donations received from various sources by mosques. This study is divided into four segments. First, the brief literature on mosque accounting and investment practices in the context of Malaysia are discussed. Then, *Maqasid* based conceptual framework is established followed by hypothesis development. In the third segment, methodological issues are discussed along with results derived from various statistical tests. Finally, the study concludes with a discussion of the results and directions toward future researchers that would enrich mosque literature.

Literature Review

Mosques symbolise the balance of actions in the worldly world through charitable actions for the social welfare of the Islamic community and hereafter reflected through the congregational prayers. Mosques are dealing with public funds received from the government, corporate and public donations, control over the financial activities in handling funds received and expended have become an interesting research area.

Zain⁸ have contributed to the mosque literature by discussing several issues and challenges faced by mosques in Federal Territory of Malaysia. They have observed that accounting loosely practiced in the selected mosques but is regarded a pivotal to exhibit accountability of the mosques in pursuing their missionary activities. The difference of accounting practices among mosques to record income and expenditure are due to the absence of monitoring devices and lack of supervision by the

⁶ Sulaiman, M., S.A. Siraj, and S.H.M. Ibrahim. 2008. "Internal Control Systems in West Malaysia's State Mosques." *The American Journal of Islamic Social Sciences* 25 (1).

⁷ Wahab, A. A. 2008. "Financial Management of Mosques in Kota Setar District: Issues and Challenges."

⁸ Ibid

authorised personnel. Such findings may not be generalizable to mosques in other parts of Malaysia due to the case study approach is taken by Zain⁹.

The importance of accounting and accountability practices indicated by Zain¹⁰ was further explored by Ludigdo, Unti, & Widya¹¹. The transcendental phenomenological study on a single mosque reveals that accountability is a spiritual calling defined as the mandate on the dimension of the relationship between human being and Allah, as well as trust among human beings.

The importance of internal financial control system in ensuring sound accounting practices have led to the review of a relevant study conducted by¹² on 13 district mosques in the central region of Malaysia. The study adopted a qualitative research approach with an unstructured interview and found that internal control practices by district mosques on both receipts of income and fund disbursement required significant attention regarding the segregation of duties and thus reflecting on the findings provided by Zain¹³ on mosques in Federal territory.

Fund management practices of mosques have recently received much-required attention based on the studies of Said¹⁴ and Zakariyah¹⁵. Said¹⁶ adopted a cross-sectional data analysis to examine factors contributing to mosque financial performance. Using a structured questionnaire, the study conducted a survey on 203 mosque treasurers all over Malaysia and reported that good internal control and active involvement of mosque committees in fundraising activities enhance

⁹ Ibid

¹⁰ Ibid

¹¹ Asdar Ludigdo, P. Unti, and Yeney Widya. 2014. "Phenomenological Study of Financial Accountability of Mosque." *IOSR Journal of Economics and Finance* 5 (4): 10–17.

¹² Masrek, Mohamad Noorman, Intan Salwani Mohamed, Norzaidi Mohd Daud, Roshayani Arshad, and Normah Omar. 2014. "Internal Financial Controls Practices of District Mosques in Central Region of Malaysia." *International Journal of Trade, Economics and Finance* 5 (3): 255–58

¹³ Ibid

¹⁴ Said, Jamaliah, Azizah Mohamed, Zuraidah Mohd Sanusi, & Sharifah Yusuf, and Norzehan Syed. 2013. "Financial Management Practices in Religious Organizations: An Empirical Evidence of Mosque in Malaysia." *International Business Research* 6 (7): 111–19.

¹⁵ Zakariyah, Luqman. 2016. "Application of Maqāṣid Al-Sharī'ah in Managing Mosque Funds: A Case Study of Tabung Masjid in Terengganu, Malaysia."

¹⁶ Ibid

mosque financial performance. These results provide more significance toward having an internal control indicated by Masrek¹⁷ However, the low adjusted R² value triggers toward the exploration of a framework that could better explain financial performance of mosques.

As such, we have focused on a similar study conducted by Adil¹⁸ focusing on the financial management practices of mosques in Malaysia. The study utilised approached similar to Said¹⁹ and conducted a survey on 193 chairman and treasures of mosques in Malaysia with a response rate of 42.2 percent. Using a questionnaire based on seven-point Likert scale, the study focused on six variables including financial management practices, budget preparation, fund usage, accountability, internal control and activity planning. One way ANOVA result suggests that Malaysian mosques can enhance internal control system and performance to achieve mission and goals of these crucial institutions of societal development. Lack of correlation and regression analysis in the study limits the ability to understand the interrelationships among variables which was present in the study of Masrek²⁰.

Mohamed, Masrek, Mohd, Arshad, & Omar²¹ found that there were no standard guidelines to be followed in managing funds collected by mosques. Regarding disclosure of funds collected and expanded, there were mosques that disclosed every detailed item to the public as opposed to mosques that kept all the records only for the knowledge of the management. Another element of internal control such as physical custody, recording of transactions and authorization were at the acceptable level of James Mosques in the central region of Malaysia. In a similar study, Mohamed, Aziz, Masrek, Noorman, & Daud²² suggested that internal control system practised by Jameq mosques on both receipts of income and funds disbursement require significant attention.

Maqasid Based Framework

Maqasid-Al-Shariah is translated literally as the objective of the 'Shari'ah', or as the guidance principle, higher objectives and intent of Islamic law and the welfare and advantage to be derived from the imple-

¹⁷ Ibid

¹⁸ Ibid

¹⁹ Ibid

²⁰ Ibid

²¹ Ibid

²² Ibid

mentation of Islamic laws and principles²³. The aims and objectives of Shari'ah set by Allah are everlasting and unchangeable. There are both good and bad things in life and Shari'ah has set priorities for human beings to follow.

Maqasid-Al-Shariah provides the knowledge, understanding and justification of the principles of *Shari'ah* with an intrinsic aim of benefiting the society. *Shari'ah* covers the entire spectrum of Islamic life that include belief, moralities, virtues and principles of guidance, an economic, political, cultural and civilizational matter that concern not only the Muslim community but the entire humanity. *Shari'ah* is the entire worldview of Islam that consists of the body of Divine guidance, its structures, format and construct.

Objectives of *Shari'ah* can be classified into three categories, i.e. *Daruriyyah* (necessities), *Hajiyyah* (requirements) and *Tahsiniyyah* (beautification). *Daruriyyah* covers five fundamental elements in human life including *ad-din* (religion), *an-nafs* (life), *al-'aql* (intellect), *al-nasl* (ancestry) and *al-mal* (wealth). Compliance with principles of Islam is one way to protect *ad-din*. *An-nafs* can be preserved by conducting lawful actions that are permissible under Islam. *Al-'aql* is referred to the protection of mind and human intellect from any element that could diminish mental and intellectual ability. The fourth element, *an-nasl*, is preserved through marriage. Finally, the protection of *al-mal* is possible through lawful earnings.

Hajiyyah can be seen as benefits which seek to remove severity and hardship that do not pose serious threats to the survival of human life while *tahsiniyyah* can be regarded as things that seek to attain refinement and protection in the conduct of people at all level of achievement. In practical dimension, Mustafa²⁴ has listed three specific objectives of *Shari'ah* based Abu Zahara's classification known as educating the individual, establishing justice and public interest. These classifications are not far from the original classifications of Imam Shathibi. Al-Ghazali's Theory of *Maslahah* is incorporated in the classification provided by Abu Zahara to develop interrelationships among the objectives and establish a conceptual model for Tabung Masjids.

²³ Kamali, M. H. 2008. *Maqasid Al-Shari'ah Made Simple*. International Institute of Islam Thought.

²⁴ Mustafa, O.M. 2009. "The Objectives of Islamic Banking: A Maqasid Approach." 1. IiBF Series in Islamic Banking and Finance. Kuala Lumpur.

Figure 1: *Maqasid* Based Conceptual Framework of Tabung Masjid Investment

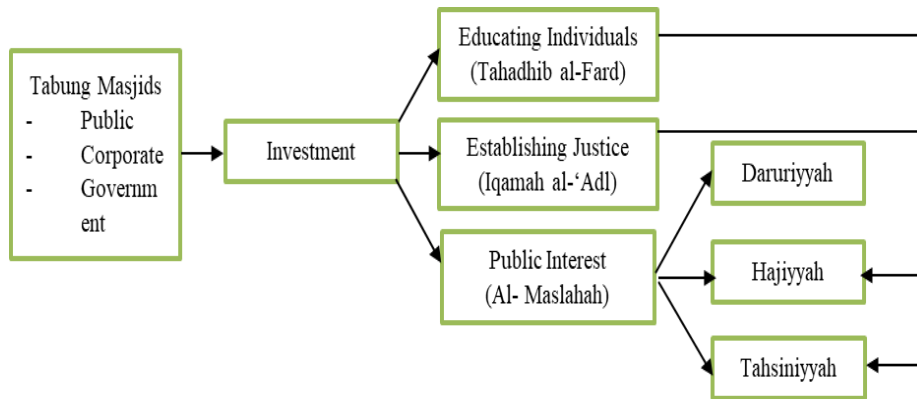


Figure 1 above provides the conceptual framework for the current study the aims to empirically test the ability of TM investment toward achieving *Maqasid-Al-Shariah*. Currently, mosques in Malaysia are receiving donations from public, corporations and government sources. After using these donations for utilities, maintenance and various other expenditures, mosques have the freedom to invest any surplus donations in any *Shari'ah* compliant investment. A general investment strategy found from the survey of the current study is savings in Islamic banks.

The conceptual framework has tried to establish a relationship between efficient investment of TM and fulfilling *Maqasid-Al-Shariah* based on the practical and theoretical classifications provided by Abu Zaharah and Imama Shathibi. It is conceptualised through the above model that investment of surplus TM will lead toward educating an individual, establishing social justice and ensure public interest. The public interest or *Maslahah* classification is then expanded to Shathibi's classification of *Maqasid-Al-Shariah* that included daruriyya, hajiyya and tahsiniyyah. Discussions on various classification have led to the understanding that hajiyyah can be preserved by establishing social justice while tahsiniyyah can be related to educating individuals. Thus, interrelationships among various objectives of *Shari'ah* is achieved which can be satisfied from the efficient investment of TM.

Hypothesis Development

The study conducted by Razak²⁵ on the economic significance of mosque institutions in Malaysia provides good insights about the importance and difference in investment activities of mosques in a single state. Results indicate that society moderately agrees with the use of the mosque funds for the purpose of farming, education, real estate and business but feedback from 260 mosques reveal that the total amount of cash deposited in a bank or other financial institutions amounted to RM 3,783,680. Regarding banking-in-money collected from the collection boxes, Masrek²⁶ found that majority of the mosques have good controls by depositing at least on the next working day and not using the money to pay any expenses before banking in first. The difference in methodologies applied by both studies does not provide generalised findings for mosques. Thus, following hypotheses are formulated:

H1: Statistically significant difference exists in the investment of Tabung Masjids.

H1a: Amount Saved in Banks is significantly different among Masjids.

H1b: Investment of Tabung Masjids is significantly different among Masjids.

H1c: Use of Tabung Masjids in maintenance is significantly different among Masjids.

H1d: Capital investment with Tabung Masjids is significantly different among Masjids.

Undoubtedly, poverty becomes a household issue around the world. As a result, the majority of the world population lives in an abject poverty of less than \$2.50 per day (Poverty 2010). Hence, they lack the basic necessity of living such as shelter, food, medical and education among others. Research has shown that poverty is responsible for poor health, low level of energy, and mental impairment. Also, the study of Olasupo²⁷ reveals that hunger could lead to even greater poverty by reducing people's ability to work and learn, decline knowledge, as well as greater hunger. Poverty undeniably has become a household problem in every part of the world. The phenomenon is without exception to the

²⁵ Razak, Azila Abdul, Mohd Yahya Mohd Hussin, Fidlizan Muhammad, and Nurhanie Mahjom. 2014. "Economic Significance of Mosque Institution in Perak State, Malaysia." *Kyoto Bulletin of Islamic Area Studies* 7: 98–109.

²⁶ Ibid

²⁷ Olasupo, A. F. 2013. "The Development of Awqaf Institutions in Nigeria for Sustainable Community Development and Poverty Eradication: The Case Study of Obafemi Awolowo Univeristy." *Linguistics & Education* 13 (1).

Muslim communities. This could be as a result of several challenges confronting the countries of the globe including global financial meltdown.

The ability of Islamic charitable institution in reducing poverty from a Muslim country has been explored in various studies. Pramanik²⁸ have investigated the ability of Waqf resources in human resource development and poverty alleviation in the context of Bangladesh. Waqf funds can uplift human resources among the productive poor through various training and entrepreneurial development programs. Hasan & Abdullah²⁹ opt for the concept of using Waqf resources for enhancing human resources. Hasan³⁰ in his integrated model of Zakah and Waqf institutions suggests that sufficient educational facilities and human capital development can help in poverty alleviation.

In Southeast Asia, Madrasa plays a vital role in providing education mostly to orphans and children from the needy family. Waqf estates have been used to build schools, colleges and universities. Sadeq³¹ expressed that in Bangladesh 8,000 educational institution and more than 123,000 mosques are based on Waqf, Cash Waqf facility provided by Social Islami Bank Bangladesh can provide support to Islamic religious schools and institutions for education that are experiencing liquidity problems identified by Ibrahim, Amir and Masron³². Mosques have the responsibility to play a greater role in the educational development of Muslim Ummah. Thus, following hypotheses are formulated:

H2a: Investment of Tabung Masjid has a positive influence on poverty alleviation.

²⁸ Pramanik, Ataul Huq, Mustafa Omar Mohammed, Mohamed Aslam Haneef, Fouad M. Amin, Aliyu Dahiru Muhammad, Bagcı Kenan, and Nabil Dabour. 2015. "Integration of Waqf and Islamic Microfinance for Poverty Reduction: Case Studies of Malaysia, Indonesia and Bangladesh." Kuala Lumpur.

²⁹ Hasan, Zulkifli, and Muhammad Najib Abdullah. 2008. "The Investment of Waqf Land as An Instrument of Muslims' Economic Development in Malaysia." In *The Dubai International Conference on Endowments' Investment, 4-6th February 2008*, 1–25. Awqaf and Minors Affairs Foundation, Dubai.

³⁰ Hasan, K. 2010. "An Integrated Poverty Alleviation Model Combining Zakat, Awqaf and Microfinance." In *7th International Conference – The Tawhidi Epistemology: Zakat and Waqf Economy*.

³¹ Sadeq, AbulHasan M. 2002. "Waqf, Perpetual Charity and Poverty Alleviation." *International Journal of Social Economics* 29 (1/2): 135–51.

³² Ibrahim, Haslindar, Afizar Amir, and Tajul Ariffin Masron. 2013. "Cash Waqf: An Innovative Instrument for Economic Development." *International Review of Social Sciences and Humanities* 6 (1): 1–7

H2b: Investment of Tabung Masjid has a positive influence on human capital development.
 H2c: Investment of Tabung Masjid has a positive influence on economic development.

Methodology

The study has aimed at determining the difference in investment strategies among masjids in Malaysia and the significance of such investment in the economic development. Information regarding donations and investment of such donations are gathered through a self-administered questionnaire. A total number of 287 respondents are conveniently chosen from nine states in Malaysia covering all four regions of the country. Research assistants were appointed to administer the questionnaire and collect responses. Participants in the study were responsible for managing mosque funds generated through individual donations in various occasions. This population is chosen since they have relevant knowledge regarding donation and fund management practices among Mosques in different states of Malaysia. A brief description of the sample on state and type of Tabung Masjid is provided in Table 1.

Table 1: Sample characteristics

	State		Tabung Masjid Type		
	Frequency	Cumulative Percent		Frequency	Cumulative Percent
Selangor	50	17.4	District	49	17.1
Terengganu	40	31.4	Qariah	147	68.3
Kelantan	37	44.3	State	16	73.9
Melaka	60	65.2	Upgraded	9	77.0
Negeri Sembilan	59	85.7	Federal	15	82.2
Sabah	20	92.7	Private	25	90.9
Pahang	1	93.0	Surau	7	93.4
Perak	12	97.2	Others	19	100.0
Kuala Lumpur	8	100.0			

Results and Discussion

Cross Tabulation Statistics

Cross tabulation is an effective method to summarise the relationship between two categorical variables. A cross-tabulation is a table that depicts the number of times each of the possible category combinations

Investing Muslim Public Funds for Fulfilling Maqāsid al-Sharī'ah: A Case Study of Tabung Masjid in Malaysia 294

occurred in the sample data. Table 5 provides cross-tabulation results indicating the difference in tabung masjid investment strategies among various states in Malaysia.

It can be observed from Table 5 that Selangor has the highest number of mosques with savings exceeding RM 100,000 while Melaka, Negeri Sembilan and Pahang do not have a single mosque having such a huge number of savings in their banks account at 2015. On average, the majority of mosques in Malaysia have a balance ranging from RM 10,000 to 50,000 at the end of 2015. It is interesting to find that majority of the respondents (80 percent) from tabung Masjid management indicates that they are not interested in investing the surplus money they have from the donations. They are not interested in capital investment either (82 percent) but agreed (48 percent) that they want to spend the donation in mosque maintenance.

Table 2: Crosstabulation results for State wise TM investment strategies

	State								
	Selan- gor	Tereng- ganu	Kelan- tan	Mela ka	N S	Sa- bah	Pa- hang	Pe- rak	K L
Surplus_2015									
<10000	9	1	16	30	25	5	0	2	4
10000- 50000	14	25	17	30	29	9	0	3	2
50001- 100000	13	11	2	0	5	5	1	5	1
100001- 150000	2	1	2	0	0	0	0	1	0
150001- 200000	11	1	0	0	0	1	0	1	1
200000 >	1	1	0	0	0	0	0	0	0
Inv_TM									
No	46	34	33	43	34	19	1	12	8
Yes	4	6	4	17	25	1	0	0	0
Donation_Maintenance									
Strongly Disa- gree	1	6	1	0	0	1	0	0	5
Disa- gree	1	7	14	1	0	8	0	5	3
Indiffer- ent	4	10	15	14	11	6	0	0	0
Agree	24	14	7	40	44	3	1	7	0

Strongly Agree	20	3	0	5	4	2	0	0	0
Cap_Inv									
No	45	36	29	39	48	19	1	12	8
Yes	5	4	8	21	11	1	0	0	0

One Way ANOVA Results

One way analysis of variance involves one independent variable which had some different levels. In our study, we have transformed the nine states into four regions (central, east, north and north) to test the difference in variance of investment strategies among mosques in those regions. Levene's test statistics in Table 6 provides a significant p-value for all investment variables indicating toward a violation of homogeneity of variance assumptions. This suggests that the variance of variables across the group is not equal and thus a stringent significant value ($p < 0.01$) is used in this study following the recommendation of Pallant³³. Table 7 provides the main effect of each investment indicators. Each indicator passes the significance scores of less than 1 percent and thus indicate that there is a difference in the surplus savings in 2015, intention to investment TM, use TM for maintenance and capital investment among mosques in four regions of Malaysia.

Table 3: Test of Homogeneity of Variances

	Levene Statistic	p-value
Surplus_2015_1	7.267	0.000
Inv_TM_1	22.379	0.000
Donation_Maintenance_1	6.514	0.000
Cap_Inv_1	20.790	0.000

Table 4: One Way ANOVA Statistics

ANOVA				
	Sum of Squares	Mean Square	F	Sig.
Surplus_2015	25.917	8.639	8.190	0.000
Inv_TM	1.871	0.624	4.080	0.007
Donation_Maintenance	57.569	19.190	22.242	0.000
Cap_Inv	2.552	0.851	6.214	0.000

³³ Pallant, Julie. 2011. *SPSS Survival Manual*. 4th Editio. NSW: Allen and Unwin.

Investing Muslim Public Funds for Fulfilling Maqāsid al-Sharī'ah: A Case Study of Tabung Masjid in Malaysia 296

The post-hoc comparison was made using the Tukey HSD test. Results provided in Table 8 indicates that surplus savings in banks for mosques in the southern region is significantly different from mosques in other regions. Such difference does not exist among mosques in central, east and north regions. Mosques in all four regions are found indifferent in their intention to invest tabung masjid. A significant difference exists in the intention between mosques in central and eastern region, southern and eastern region in Malaysia. Tukey test results indicate that mosques in the central and southern region have a greater intention to utilise TM on mosque maintenance than mosques in the eastern region. Finally, mosques in the southern region have lower intention toward capital investment than central and eastern region.

Table 5: Tukey Test Results

		Mean Difference (I-J)	Std. Error	Sig.
Surplus_2015				
Central	East	0.081	0.141	0.939
	North	-0.411	0.311	0.550
	South	0.713	0.163	0.000
South	Central	-.7136	0.163	0.000
	East	-0.632	0.168	0.001
	North	-1.125	0.325	0.003
Inv_TM				
Central	East	0.131	0.054	0.070
	North	0.244	0.119	0.170
	South	-0.040	0.062	0.919
South	Central	0.040	0.062	0.919
	East	0.171	0.064	0.040
	North	0.283	0.124	0.102
Donation_Maintenance				
Central	East	0.956	0.127	0.000
	North	0.688	0.282	0.071
	South	0.038	0.147	0.994
South	Central	-0.038	0.147	0.994
	East	0.918	0.152	0.000
	North	0.650	0.294	0.122
Cap_Inv				
Central	East	0.004	0.051	1.000
	North	0.137	0.112	0.615
	South	-0.213	0.059	0.002

South	Central	0.213	0.059	0.002
	East	0.217	0.061	0.002
	North	0.350	0.117	0.016

Forecasting Tabung Masjids

Figure 1 and 2 provides an indication of the investment strategy of masjids in Malaysia. It can be observed from these figures that states with the higher number of donations have a higher number of savings in their bank account. The survey results have indicated that 96 percent of the participating mosques save the surplus donation in banks and they prefer Islamic banks (92 percent). This provided an opportunity to forecast the savings amount for TM using the profit sharing rate of 4.29 percent for Waheed term investment account provided by Bank Islam. At present, the majority of the mosques (72.2 percent) are using a current account and this forecast would provide helpful evidence to the mosque management about the potential of the donation in making a significant economic contribution.

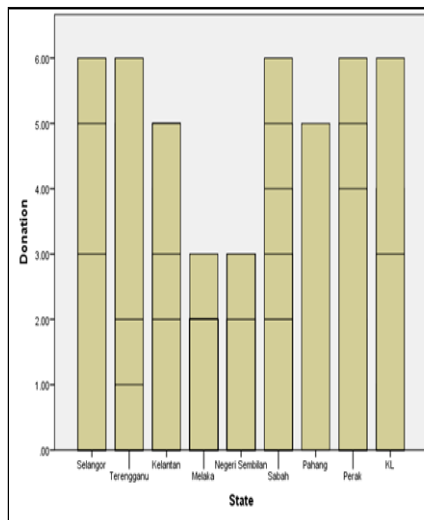


Figure 1: State-wise TM donation statistics

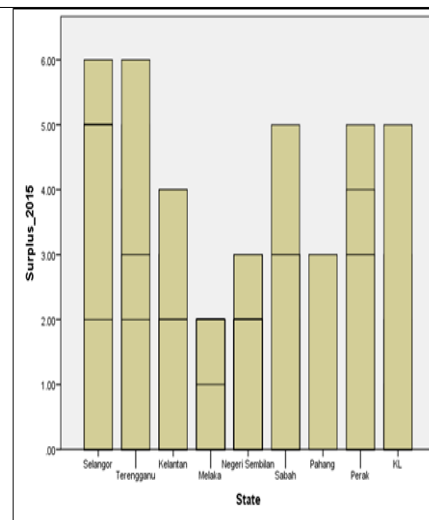
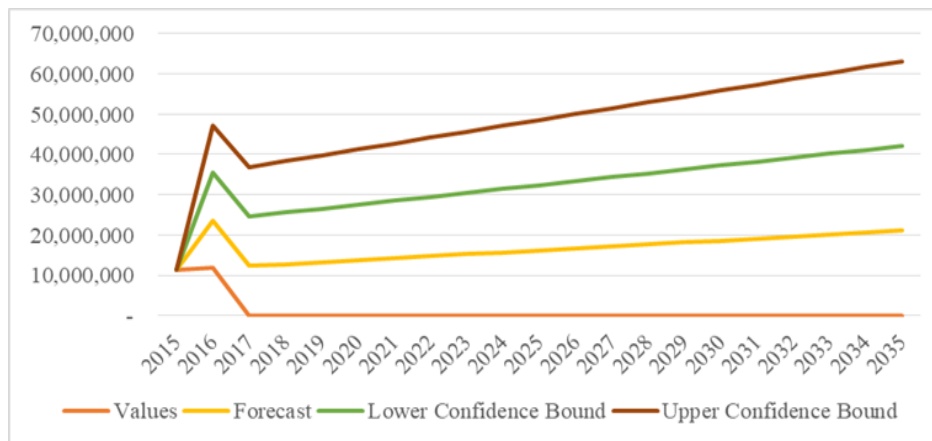


Figure 2: State-wise TM savings statistics

We have used “Excel Forecast” tool with the surplus donation saved by mosques and the profit sharing rate provided by Bank Islam, we have forecasted (Figure 3) that the current savings can reach to a maximum value of RM 60,000,000 to a minimum value of RM RM

30,000,000 in twenty years. It should be mentioned that these calculations are made by a range provided by the mosque representative and do not include actual figures. Still, the amount forecasted provides an indication that TM managers should focus on selecting appropriate investment strategies for the surplus donations as it can serve toward the well-being of a greater Muslim community.

Figure 3: Forecast of TM investment (2016 – 2035)



Granger Causality Statistics

We have claimed in the earlier section that *Tabing Masjid* if invested properly, would contribute to the wellbeing of Muslim Ummah. Granger causality test is performed with the forecasted values to provide statistical validity of the claim. The Granger causality test for the case of two stationary variables y_t and x_t , involves as a first step the estimation of the following VAR model, where it is assumed that both ε_{yt} and ε_{xt} are uncorrelated white noise error terms.

$$y_t = \alpha_1 + \sum_{i=1}^n \beta_i x_{t-i} + \sum_{j=1}^m \gamma_j y_{t-j} + \varepsilon_{1t} \text{-----} \quad (1)$$

$$x_t = \alpha_2 + \sum_{i=1}^n \theta_i x_{t-i} + \sum_{j=1}^m \delta_j y_{t-j} + \varepsilon_{2t} \text{-----} \quad (2)$$

Two sets of variables are tested for Granger causality. Forecasted savings of tabung masjid is used as an independent variable. To generate

the time series, forecasted GDP, HCD and GINI values for Malaysia are derived from the International Futures Forecasting Systems (IFS) website. A brief description of variables used for causality analysis is provided in Table 9. The time series consisted a total number of twenty observations covering a period of 2016 to 2035.

Table 7: Variable Definitions

Variables	Abbreviations	Definitions
Investment		
Surplus of TM in 2015	Surplus_2015	The surplus of <i>Tabung</i> represents the balance saved in the bank account in 2015 having lower value less than RM 10,000 to higher value more than RM 200,000.
Development Indicators		
Economic Development	L_GDP	The log converted gross domestic product (GDP) measures of national income and output for a Malaysia.
Poverty Alleviation	L_GINI	Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution.
Human Capital Development	HCD	A composite index in measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living.

Table 10 provides the model used to test long-run causality along with the results. Causality, in the long run, exists only when the coefficient of the cointegrating vector is statistically significant and different from zero. The results reported in Table 10, show that there is strong evidence in favour of the hypothesis that investment of *tabung masjid* has a positive impact on economic development, human capital development and poverty alleviation. In all three cases, the causality direction runs from the investment proxy variable to dependent variable, while the opposite directional causality is also found statistically significant. Also, we observe that in all cases that the coefficients of the cointegrating vectors are statistically significant and F-type test rejects the hypothesis that those coefficients are equal to zero, suggesting that in all cases there is a long unidimensional causality relationship.

Table 8: Testing for long-run Granger Causality

Model: $\Delta y_t = \alpha_0 + \alpha_{1i} \sum_i^m \Delta x_{t-i} + u_t$				
Where, y = (GDP per capital, Human Capital Development, Gini Index); x = Investment of Surplus TM				
	F-statistics	p-value	Lags	Causality Relationships
x-variable				
L_F_INV	4.084	0.042	2	L_F_INV → GINI
	7.008	0.000	2	L_F_INV → HCD
	5.545	0.019	2	L_F_INV → L_GDP
y-variable				
GINI	20.802	0.000	2	GINI → L_F_INV
HCD	7.509	0.007	2	HCD → L_F_INV
L_GDP	22.447	0.000	2	L_GDP → L_F_INV

Summary and Conclusion

This study aimed at providing insights on tabung masjid investment and its significance toward fulfilling Maqasid-al-Shariah in the context of Malaysia. Two sets of hypothesis were formulated to test, firstly, whether a significant difference exists in the intention to invest TM and secondly, the causal relationship between TM investment and economic development indicators as proxies for three objectives of Shariah, i.e. Tahadhib al-Fard, Iqamah al-‘Adl and Al- Maslahah.

Cross-tabulation results have indicated toward a difference in the intention of investing TM among representatives of mosques four regions in Malaysia which was statistically proven through One way ANOVA test. ANOVA test statistics provide a significant result for each investment indicator among mosques of four regions in Malaysia at a p-value less than 0.50. Tukey test was conducted to check intergroup differences and results indicated that significant difference exists among mosques regarding surplus savings in banks, use of donation in maintained and capital investment. As a result, H₁, H_{1a}, H_{1c}, H_{1d} are accepted. Investment of tabung masjid is found in different among mosques, and thus H_{1b} is rejected.

In the next phase, Granger causality test was performed on the forecasted investment and development figures to check the nature of causality among variables. The forecasted savings figure of surplus TM by mosques in Malaysia indicates the possibility of having greater control in banking services if mosques agree to accumulate their funds and save in one Islamic bank following the example of Tabung Haji. Unidimensional positive causality is proven through Granger causality

test between investment of TM and economic indicators. As a result, hypothesis H_{2a} , H_{2b} and H_{2c} are accepted.

Mosques are expected to conduct quality programs according to Islamic principles, and active involvement of community members in fund generation activities will increase the source of funds and increase the ability of mosque to meet such expectations. Good internal control can enhance transparency of the mosque which might enhance donors' confidence to contribute more fund to the mosque. This study indicates that mosque management should become concerned about the investment of surplus donations due to its relevance in achieving greater objectives of the Shari'ah. Mosques in Malaysia have different strategies for investing tabung masjid and needs to find a uniform platform for making a significant contribution toward economic development. Several administrative and management issues must be looked into before empowering mosques to invest funds for the purpose of expanding their economic activities. Evidence provided by this study are based on person opinion and forecast which may not portray the actual situation regarding TM investment. This study has identified preference of mosques in saving donations in Islamic banks but could not explore possible reasons for such decision. Future research on such issue will explain the preference toward faith biased banking among mosques in Malaysia.

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Investing Muslim Public Funds for Fulfilling Maqāṣid al-Sharī‘ah: A Case Study of Tabung Masjid in Malaysia 304

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