

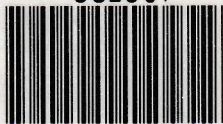
THE MANAGEMENT OF FUNDS OF ZAKAT, SADAQAT AND
AWQAF AND THEIR CONTRIBUTIONS TOWARD MUSLIM
EDUCATIONAL PURPOSES IN MALAYSIA

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ABSTRACT

This study is concerned with investigating the use of sources of funds of *zakat*, *sadaqat* and *awqaf* towards financing Muslim education and investing these funds in a lawful and Islamically permitted projects that could generate income. It examines (a) the role of these charities as sources of financing Muslim educational activities in Malaysia, (b) the investment policies and practices of the Baitulmal (c) the modern management practices that they employ and, (d) the possibility of improvement in their management systems.

The study is based upon data collected through the distribution of questionnaire to a randomly selected sample of middle managers of Baitulmal. However, it also benefited from secondary data especially the Baitulmal Annual Reports from 1991 to 1996. The instrument used was a self-constructed 'Likert –Scale' questionnaire which, measured the perception of middle managers of the respective Baitulmal toward its management practices. The findings indicated that the five Baitulmals under study:

- (1) depended largely on the contributions of *zakat* funds which had increased from time to time even though on irregular basis;
- (2) allocated a handsome amounts of funds of *zakat*, *sadaqat* and *awqaf* to finance the education of Muslims in Malaysia;
- (3) were not actively involved in investment activities even though it was realized that the returns could be good sources of income to the Baitulmal;

- (4) did not, by and large, adopt management concepts and principles such as organizing, leading and controlling but only employed one out of four management practices i.e. planning in their daily running of the organization.

Based on these findings the study makes the following recommendations:

- (1) to coordinate and centralize the management of fourteen Baitulmals in Malaysia;
- (2) to be actively involved in lawful and permitted investment activities;
- (3) to widen the function of Baitulmals i.e. to help the socio-economic development of the Muslims in Malaysia;
- (4) to employ modern management practices effectively and efficiently.

CHAPTER 1

Introduction

In a modern society of our times, education has become seminal to the making of man, his roles in life, his career, his status and his entire destiny in this life. Education is compulsory for all young people according to the United Nations Organization, Charter of Human Rights. Therefore, no one today can lawfully be denied education.

Education means different things to different people. To a certain extent, education symbolizes the development of a country and its people. To some, education refers to the achievement of economic progress and political strength. The sociologist and political scientist view education as the essential role of development and modernization. They focus essentially on the transformation of social and political institutions. The economist stresses the contribution of education to development and economic growth. In other words, education makes individuals and society more productive economically (Heggade, 1991). Distinguished American educationists, Harbison and Mayers (1962) relate education with human resource development. They consider human resource development essentially as the process of increasing knowledge, skills, and capacities of all the people in the society. Education plays its role in human development in several ways. The most obvious way is through the formal education, beginning with primary or first level education, continuing with

various forms of secondary education and then higher education. It also includes the technical, vocational, special colleges and other forms and levels of education.

In Islam seeking knowledge and education is an obligation for every Muslim. A number of verses stressing the importance of positive attitude toward learning and acquisition of knowledge can be found in al-Quran. In fact, the very first word of al-Quran revealed to Prophet Muhammad (PBUH) was *Iqra'*, literally meaning read:

“Proclaim! (or Read) in the name of your Lord
Who created”

(96:1)

This verse has been interpreted to mean the Commandment of Allah to the believers to acquire knowledge and to spread it. The Quran also praises those who combine faith with Knowledge. However the acquisition of such knowledge and skills, education, study or apprenticeship, costs a substantial expense (Marshall, 1930). Education expenses include the cost of buildings, payment of wages, acquisition of books and reading materials, equipment and furniture.

The question is who actually is held responsible for financing the acquisition of knowledge and skills? How is education financed? In Islam, the responsibility of educating and socializing the young into Islamic beliefs, values and lifestyle is basically the responsibility of the parents.

In the Holy Quran Allah SWT says;

“O you who believe! Save yourself and your families from

a fire whose fuel is mankind and stones, and over which
are angels stern and strong, they do not disobey God in what
He Commands them, and do as they are commanded”
(66 : 6)

With this commandment, the Muslims throughout history have established *Maktabas* and *Madrasahs*, for the education of the children apart from mosques for the worship of Allah SWT. In order to finance both mosques and educational institutions, they have created endowments or *waqf* charities. In fact in the Islamic history, a number of famous academic institutions have been established, through private or public funds such as *zakat*, *sadaqat* and *aqwaf*. Wealthy Muslims, rulers, nobles, and God fearing individuals and communities have generously set up *awqaf* by endowing their properties in perpetuity to be permanent sources of income for Islamic educational causes.

The first *waqf* for the purpose of education was established by the Abbasid Caliph Mamun al-Rashid in 218 A.H. The Caliph however, did not wish the progress of knowledge to depend on the accidental munificence of individual caliphs or nobles of the state, and with a true regard for the dignity of the learned, he made it independent of casual gifts by creating permanent endowments for its promotion and support (Shalaby, 1954). In fact, from the historical perspective, the institution of *awqaf* has played an important role in promoting Islamic faith and ideology, developing medical sciences and arts, and promoting education and research (Mutalib, 1996).

Islamic education in Malaysia started in the fourteenth century when Muslims first arrived and settled in the country. The first Islamic schools were the mosque or