The role of share waqf in the socio-economic development of the Muslim community
The Malaysian experience

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Abstract

**Purpose** – This study aimed to analyse the role of the Waqf Fund Scheme, by taking Penang (or Pulau Pinang) as one of the states in Malaysia as a sample of the study. Waqf Fund Scheme was established by the Islamic Religious Council of Penang, Majlis Agama Islam Negeri Pulau Pinang (MAINPP), in an effort to develop the economy of the Muslim community in the state.

**Design/methodology/approach** – This study analysed the contribution that this endowment fund makes towards a comprehensive scheme of economic development, namely, in terms of the economic, spiritual and social welfare of the Muslim community in Penang. The primary source of data was obtained through interviews conducted by the researcher with the Manager of the Waqf Fund Scheme, the Head of Administration and Finance Section and the Account Executive of MAINPP. The researcher also interviewed respondents from four institutions that were beneficiaries of the Waqf Fund Scheme.

**Findings** – The findings of this research show that the endowment fund scheme plays an important role in the economic development of the Muslim community in Penang. The Waqf Fund Scheme contributes by way of providing a financing facility towards the acquisition of waqf assets or through cash support channelled to associations or committees of a masjid.

**Research limitations/implications** – This study only focuses on Waqf Fund Scheme which was established by MAINPP.

**Practical implications** – This study is expected to contribute to the improvement of the Waqf Fund Scheme management.

**Originality/value** – The paper is the first attempt to address the Waqf Fund Scheme contributions by MAINPP, particularly in Penang.

**Keywords** Malaysia, Cash waqf, Islamic economic development, Waqf fund, Waqf management, Muslim community

**Paper type** Case study

Introduction

Muslim economists support the concept of economic development, which covers various aspects including social, political and economic. However, Muslim economic scholars extend the scope of development to include the balanced development of the material and spiritual worlds, with a focus on applying Islamic values as the basis for this