

Chapter 5

Integrative Approach of Waqf Properties Development for a Sustainable Socio-Economic Performance

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ABSTRACT

Malaysia has a considerable quantity of *waqf* properties that can be seen as a great potential mechanism to play a significant role in generating a prominent source of financing for the state and for the needs of the Ummah. However to date, the problem of underperformance in *waqf* development has not been resolved despite the long period of discussion and negotiation. This is due to a lack of integrative and innovative approach as well as lack of resources, knowledge and skills in developing the *waqf* properties by State Islamic Religious Councils (SIRCs) who has become a sole trustee to manage and develop the *waqf* properties in Malaysia. As a result, specific to a *waqf* land for example, there is only 30% of the land has been developed and cultivated for various purposes such as rental housing, shop lots, agriculture sites and petrol stations, while the rest is remain idle. Thus, for a better performance of *waqf* development, a cross-sector collaboration practices provides a good mechanism for the SIRCs, government, public and private sector to lend its expertise and share best practices in managing and developing *waqf* properties. However, not all collaboration may success and contribute to a sustainable socio-economic growth. Managing intangible resources (IRs) namely; *commitment*, *trust*, *networking* and *urgency* were considered as the most likely sources of collaboration success because they are not easily acquired and replicated but can complement the needs in project collaboration. Therefore this research is done to examine the influence of intangible resources toward the performance of *waqf* properties development that being an issues in the research study. Additional variables of mediating effect and moderating roles is introduce to fill a knowledge gap in existing literature. The study found that commitment, trust and urgency play significant role to influence the performance of *waqf* properties development in Malaysia for a sustainable socio-economic growth.

Key Words: cross-sector collaboration, *Waqf* properties, performance, sustainability

1. INTRODUCTION

Organizations from different sectors nowadays increasingly engaged in a collaborative practices by sharing their resources and capabilities for them to achieve mutual business goals efficiently (Bond-Barnard, Fletcher, & Steyn, 2018; Edi, 2014; Lee, Yun, Kim, & Washington, 2018; Liu, Ko, & Chapleo, 2018; Nolte, 2018; Ukko & Saunila, 2019). In fact in Malaysia the federal government itself is now looking at the cross-sector collaboration practices in achieving our national socio economic growth for sustainability. It is in line with a policies that recently been introduced “Social Private and Public Partnership” or SPPP, which was initiated by The National Blue Ocean Strategy (NBOS) and incorporated within the 11th Malaysia Plan (RMK-11). NBOS initiatives provide a creative and systematic way through a collaborative strategy from different sectors of firm and organization to create high value impact at low cost towards developing and implementing numerous programmes for socio-economic sustainability.

Same goes to *waqf* industry that are currently following the others Non-Governmental Organization (NGOs) / Non-Profit Organization (NPOs) to show their interest in cross-sector collaboration practices in developing *waqf* properties. The federal government through the Department of Awqaf, Zakat and Hajj (JAWHAR) has channelled a fund to show their commitment toward the performance of *waqf* development in Malaysia, for example; about RM30 million has been channelled by federal government for a smart partnership project between Yayasan Wakaf Malaysia (YWM) and State Islamic Religious Councils (SIRCs) in Malaysia. This is illustrated among the early phased of cross-sector collaboration in *waqf* properties development in Malaysia.

However to this date, *waqf* institutions in Malaysia seem to fail to play a dynamic role in uplifting the development and economy of the Muslims and most of the *waqf* properties or specific to a land, still remain idle (Abas & Raji, 2018; Abdul Hamid & Mohammad, 2014; Allah Pitchay, Mohd Thas Thaker, Mydin, Azhar, & Abdul Latiff, 2018; Ismail, Salim, & Ahmad Hanafiah, 2015; Mohd Puad, Jamlus Rafdi, & Shahar, 2014). Looking at the whole performance of *waqf* properties within fourteen states in Malaysia, shows unsatisfactory where in *waqf* properties, specific to *waqf* land in Malaysia for example, it was estimated that less than 30% of the total acreage has been developed into various uses, such as shop houses, rented houses, patrol station, and agriculture (Abdul Hamid & Mohammad, 2014). Why this happen? There is lack of integrative and innovative approach as well as lack of resources, knowledge and skills in developing the *waqf* properties by State Islamic Religious Councils (SIRCs) who has become a sole trustee to manage and develop the *waqf* properties in Malaysia. (Abdul Hamid & Mohammad, 2014; Allah Pitchay et al., 2018; Awang, Hamid, Nazli, & Mohd Lotpi, 2017). Responding to this, there is a need for a current research to be conducted so that *waqf* properties development can continuously benefit to a sustainable socio-economic growth of the Ummah. Cross-sector collaboration practices is seen to be an innovative approach for SIRCs and their partners to develop *waqf* properties in Malaysia for a sustainable socio-economic growth.

Despite this, those initiatives, however, are not without controversy. Prior cases and research make the case for the reality that not all collaborations are successful or easy to navigate no matter how imperative the process may be. There is also insufficient foresight and planning as to the strategic division of resources (Leisinger, 2007; Liket & Maas, 2016; Michelini & Fiorentino, 2012; Porter & Kramer, 2006; Ricks & Peters, 2013). As such, the capacities of the intangible resources utilized within the *waqf* cross- sector collaboration are vital to its success and impact on sustainable socio-economic growth as mentioned in the study of (J. B. Barney, 1991; J. B. Barney, Ketchen, & Wright, 2011; J. Barney, Wright, & Ketchen, 2001) though they was looking from the other conventional perspective of study. Having focuses on the specific intangible resources to influence the *waqf* properties

development that contribute from an issues of management that lead to underperformance of *waqf* properties, this research is filling a conceptual gap by specifically focuses to the management of intangible resources in *waqf* development through a cross-sector collaborative practices in which differ from previous study, looking at the preliminary development of those practices and only focuses on the financial resources as the tangible resources.

2. METHODOLOGY

In the efforts to tackle the objectives stated, this study emphasizes an integration of Resource-Based View (RBV) theory, Social Capital theory and Stakeholder Saliency theory. This is extracted from collaborative theory as underpinning theory in this study. Particularly, the previous research has studied a construct of resources separately from different and individual perspective of resources in RBV theory, SC theory and Stakeholder Saliency theory, for example; trust, commitment, connection, power, legitimacy and urgency (J. B. Barney & Wright, 2001; Barrutia & Echebarria, 2015; Campbell & Park, 2016; Chisholm & Nielsen, 2009; Kamasak, 2015, 2017; Masakure, Henson, & Cranfield, 2009; Pee & Kankanhalli, 2016; Runyan, Huddleston, & Swinney, 2007).

While the research is now focuses on the combination of resources that shall be contributed by firms which has been highlighted in RBV, SC and Stakeholder Saliency theory. Thus, the study aims to contribute to an extended theory of resources (Warnier, Weppe, & Lecocq, 2013), which later extracted from RBV, SC and Stakeholder Saliency Theory. However, still the research will based on the RBV requirement that has been highlighted from previous scholar in which must be rare, valuable, imitable, substitutability (J. B. Barney, 1991; Bromiley & Rau, 2016; Kristandl & Bontis, 2007; Penrose, 2009). Figure 1 shows how the integration of those three theory has been established for the purpose of this study.

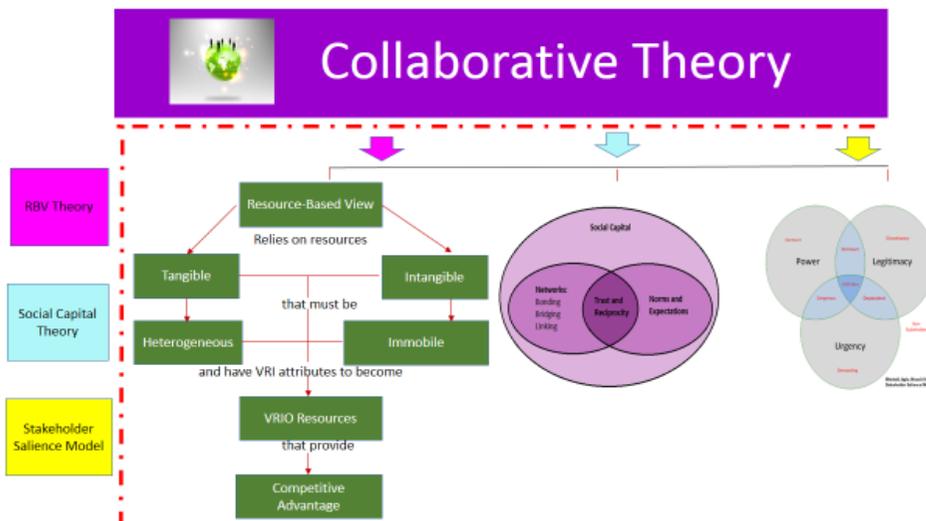


Figure 1: The Integration of Resource Based View (RBV) Theory + Social Capital Theory + Stakeholder Saliency Theory

The theory asserts that firms obtain a competitive edge by gathering and utilizing resources that are not substitutable, difficult to replicate and rare. In cross-sector collaborations, the partnership is made possible by the existence of heterogeneous

resources in each organization which complement each other. The merging of such complementary resources allows for a sustainable competitive edge over other firms (Dolores M. Frias, Miguel A. Rodriguez, J. Alberto Castaneda, 2011; Eisenhardt & Schoonhoven, 1996; Hitt, Xu, & Carnes, 2016; Sandberg, Sui, & Baum, 2019). The organizations' need to compensate for required resources and unavailable resources is one motivation for seeking out collaborative alliances. Thus, further research in this area is needed to uncover what intangible resources is mostly gives a significant influence to the performance of *waqf* project collaboration.

Then, to get an empirical data of findings in this study, a quantitative study is conducted in order to determine the positive relationship between intangible resources (commitment, trust, networking and urgency) and the performance of *waqf* project development through cross-sector collaboration practices. Data was gathered through a structured questionnaire which were distributed to an expert with knowledge and experiences related to all *waqf* development project in Malaysia, having a collaboration with other sectors. The partners of the project (firm) is also counted to be a respondent of the study. The questionnaire was distributed via two option based on respondent preferences which are mail or drop off to respondent's office after having an appointment for a short session of briefing to explain about the study to the respondent before they start answering the questionnaire.

3. CONCLUSION

In conclusion, this research perspective is a driving force in the efforts to increase and intensify *waqf* properties development not only for the benefit of society but also to the project collaboration performance between sectors. Discourse also offers motivation for various parties to become involved in collaboration, as well as inspiration for solutions in overcoming the various issues and obstacles that may arise in the process. It is not guaranteed that every collaborative project will be fruitful, but it is recommended that the effort be made to carefully plan and navigate through the various nuances of a collaborative alliance. Thus, this study attempts to determine the factors of intangible resources that positively influence the performance of *waqf* properties development through a cross-sector collaboration between State Islamic Religious Councils (SIRCs) and their partners. Other than integration of the theories, addition of the mediating and moderating variable to a research framework is considered a novelty in this study.

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