

Investigating Awqaf Management, Accounting and Investment Practices in Malaysia: The Case of a State Religious Institution

Hisham Yaacob (Corresponding author)

Department of Accounting, College of Business and Economics,
United Arab Emirates University, Al Ain, United Arab Emirates.
Tel: +971-3-7673333 E-mail: annasham@yahoo.com

Hairul Suhaimi Nahar

Department of Accounting and Finance, Universiti Putra Malaysia,
43400 Serdang, Selangor, Malaysia
Tel: +603-89467629 E-mail: hairulsuhaimi@upm.edu.my

AND

Department of Accounting, College of Economics and Political Science, Sultan Qaboos
University, Al Khoud, Muscat, 123, Sultanate of Oman

Abstract

Social economy is gaining interest as an alternative to capitalist economy. As compared to its capitalist counterpart, social based economy is ethically and morally guided. This arguably possesses close alignment to the religious based economy among Muslims – The Islamic Economics. *Waqf*, which is equivalent to endowment in the non-Islamic context, is an important institution in the Islamic socio-economic system. Widely practiced among Muslims since the Prophet Muhammad's era, *waqf* has enhanced Muslims' socio-economic strength particularly during the Ottoman era. This research revisits such religiously founded practice by examining the contemporary *waqf* accounting, reporting and investment practices of a selected *waqf* manager in Malaysia – The State Religious Institution (SRI). Adopting a qualitative approach to research inquiry using a single case study method, data were collected through interviews and documents' review. The research finds observable weaknesses in the accounting, reporting and investment for *waqf* activities particularly on *waqf* assets. The available records suggest large improvement void in the focused areas, albeit it does not tantamount to detrimental effects on SIRC's efforts in adequately safeguarding the *waqf* assets. The research provides fresh evidence of the contemporary accounting, reporting and investment practices of a religious institution entrusted to manage *waqf* funds operating in an emerging market.

Keywords: *Waqf*; Usufructs; Accounting; Reporting; Investments; Accountability

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