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

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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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