

**Exploring the Contemporary Issues of Corporate Share Waqf Model in Malaysia with the Reference to the Waqaf An-Nur Corporation Berhad**  
*(Menerokai Isu-Isu Semasa Model Wakaf Saham Korporat di Malaysia dengan Rujukan kepada Waqaf An-Nur Corporation Berhad)*

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**ABSTRACT**

*The paper aims to explore the administration and management issues of Corporate Share Waqf Model through the experience of Waqaf An-Nur Corporation Berhad. The qualitative approach notably case study is used to obtain the experiences and perception on the current practice and the issues related to administration and management of Corporate Share Waqf Model. Based on the in-depth interview findings, this study reveals that Waqaf An-Nur Corporation Berhad as pioneer of Corporate Share Waqf model faces several issues in their administration and management. The taxation, regulation, forms of dividend payment and administration are found to be the main hurdles in administering and managing Corporate Share Waqf Model particularly in Malaysian Context. This study provides recommendations for the policy maker in order to address the issue of administration and management of Corporate Share Waqf Model.*

*Keywords: Corporate share waqf; Malaysia; administration & management; case study*

**ABSTRAK**

*Makalah ini bertujuan untuk menerokai isu-isu pentadbiran dan pengurusan dalam Model Wakaf Saham Korporat melalui pengalaman Waqaf An-Nur Corporation Berhad. Pendekatan kualitatif kajian kes digunakan untuk mendapatkan pengalaman dan persepsi mengenai amalan semasa dan isu-isu yang berkaitan dengan pentadbiran dan pengurusan Model Wakaf Saham Korporat. Berdasarkan hasil temubual, kajian ini mendedahkan bahawa Waqaf An-Nur Corporation Berhad sebagai perintis Model Wakaf Saham Korporat di Malaysia menghadapi beberapa isu dalam konteks pentadbiran dan pengurusan. Bayaran cukai, peraturan, bentuk pembayaran dividen dan pentadbiran menjadi halangan utama dalam mentadbir dan mengurus Model Wakaf Saham Korporat. Kajian ini mengesyorkan beberapa cadangan bagi menangani isu pentadbiran dan pengurusan Model Wakaf Saham Korporat.*

*Kata kunci: Wakaf saham korporat; Malaysia; pentadbiran & pengurusan; kajian kes*

**INTRODUCTION**

It has been witnessed that during the Islamic history and civilization, Waqf institution has played a significant role in the provision of social goods such as education and health, public goods (roads, bridge and national security), commercial business, utilities (water and sanitation), religious services (building and maintenance of mosque and graveyards), helping the poor, orphans and the needy, creating employment, supporting agricultural and industrial sector without imposing any cost to the government (Mohsin 2008). Thus, it seems that the

Waqf has become a tool of wealth redistribution in order to achieve economic development in the society and the nation.

Due to the historical and golden role of Waqf, nowadays in 21st century, there is growing evidence of the revitalization of interest, promotion, innovation and rethinking on the role of Waqf in community development. One of the Waqf innovations that attract the world's attention is Corporate Share Waqf Model that was introduced by Johor Corporation Berhad (JCorp).

The concept of Corporate Share Waqf Model is a specific mechanism dedicated to ensure the benefits or proceeds of share ownership particularly the annual dividend will be spent to support the charitable activities and religious institutions. JCorp has established Waqf An-Nur Corporation Berhad as one of their subsidiary company with limited liability that is responsible in managing Waqf fund especially assets and shares of the JCorp.

According to Mohsin (2013), the achievement of Waqf An-Nur Corporation Berhad can be seen from the services provided by them such as mosques, surau, clinics, hospitals and dialysis centers. In addition, Waqf An-Nur Corporation Berhad succeeded in providing interest free loan through a scheme known as Dana Waqf Niaga to assist the small businesses. Further, Waqf An-Nur Corporation Berhad also benefited others in term of participating in voluntary acts such as assisting victims of disasters and donation given for schools and universities.

However, there are a number of issues emerged in administrating and managing Corporate Share Waqf Model particularly related to operation of Waqf An-Nur Corporation Berhad. The issues related to administration and management take place due to the holding of company shares that have been declared as Waqf by JCorp. Indeed, according to the Constitution of Malaysia, the matters related to Islam including Waqf should be submitted to the State Islamic Religious Council particularly State Religious Council of Johor (SIRJC) instead of JCorp. Furthermore, the re-investment of Manfaah or the benefit of the Share Waqf by JCorp also creates another issue in administrating and managing Corporate Waqf. Thus, with this initiative, this paper attempts to explore the issue of administration and management of Corporate Share Waqf Model particularly related to Waqf An-Nur Corporation Berhad.

## LITERATURE REVIEW

### CORPORATE WAQF

According to Mohsin (2013), Corporate Waqf is defined as:

*The confinement of an amount of liquid money, shares, profit, dividends by founder(s) such as individuals, companies, corporations, organizations or institutions, and the dedication of its usufruct in perpetuity to the welfare of society.*

Thus, it can be classified that Corporate Waqf is where liquid money, shares, profit, dividends that have been declared as Waqf by corporate sector with the aim to distribute the benefits derived from the stock dividend and the company's annual profit. Mohsin (2013) stated that the Corporate Waqf has its own legal rights and liabilities to carry out the jobs of the founder(s), as a trust, and to conduct a business on their behalf for either profit-seeking or not-for-profit in order to benefit the society at large. In addition, due to its legal personality, once it is registered it will have a condition of limited liability. It is where the founders' conditions need to be respected, fulfilled and controlled by a board of directors who was appointed by the founders (Mohsin 2013).

Meanwhile, according to Waqaf An-Nur Corporation (2008), Corporate Waqf is more towards to charitable and philanthropic act by a business entity. It become as a part of their Corporate Social Responsibility (CSR). CSR has becoming a more effective strategy for corporations to reach out to the communities beyond their customers and display social character or humane image of the corporations. Consequently, Corporate Waqf redefines their role and function of business organizations in involving into social-oriented programmes.

#### OVERVIEW OF WAQF AN NUR CORPORATION BERHAD

JCorp is one of the leading corporations in Malaysia with 279 companies and 7 public listed companies (PLCs). As of December 2012, the total market capitalization is RM 29.61 billion (U.S. \$ 9.67 billion). Due to its excellent progress, it has led JCorp to form Corporate Waqf through Waqaf An- Nur Corporation Berhad. JCorp declared some amount of shares of its subsidiaries as Waqf started in 2005 onwards as shown in Table 1.

TABLE 1. Listed and non-listed companies' waqf shares as in 2012

Share Waqf of Listed Companies		
Shares	Description	
KPJ Health Care	14.38% or equivalent to 18.6 million of shares outstanding	
Kulim Malaysia Berhad	3.85% or equivalent to 12.35 million of shares outstanding	
Al –‘Aqar Healthcare REIT	1.81% or equivalent to 12.62 million of shares outstanding	
Share Waqf of Non-Listed Companies		
Shares	Description	
Tiram Travel Sdn. Bhd	75% or equivalent to 225,000 shares outstanding	
Larkin Sentral Property Sdn Bhd	61% or equivalent to 50.33 million shares outstanding.	
Capaian Aspirasi Sdn. Bhd	75% or equivalent to 75,000 shares outstanding.	

Source: Waqaf An-Nur Corporation Berhad Annual Report, 2012

Waqf An-Nur Corporation Berhad is one of the subsidiary company under JCorp and responsible in managing Waqf fund especially assets and shares of the JCorp. It serves as a "Maukuf Alaihi" for the entire business enterprise. The first operation of Waqf An-Nur Corporation Berhad began on 25<sup>th</sup> October 2000 with the name of "Pengurusan Klinik Waqaf An-Nur". Thereafter, on 4<sup>th</sup> December 2009, JCorp and State Islamic Religious Council of Johor (SIRCJ) signed a memorandum of understanding (MoU) where it stated that SIRCJ agreed to appoint Waqf An-Nur Corporation Berhad to act as a "Special Mutawali" or in other words they will act as a special trustee in managing and administrating all JCorp Waqf properties. The management and administration of JCorp properties will follow Waqf Procedure 1983 under the Enactment of Islamic Administration State of Johor 2003.

Overall Manfaah or benefits from the dividend stock are collected and distributed into three groups with different percentage as agreed in the Hujjah (Waqf Deed). As shown in Figure 1, the percentages are as follows: (i) 70 percent dividend goes back to JCorp for re-investment purpose and human capital development, (ii) 25 percent will be use for Fisabillah activities and (iii) 5 percent from dividend will be distributed to the State Religious Council of Johor (SIRCJ) for Ummah development purposes.

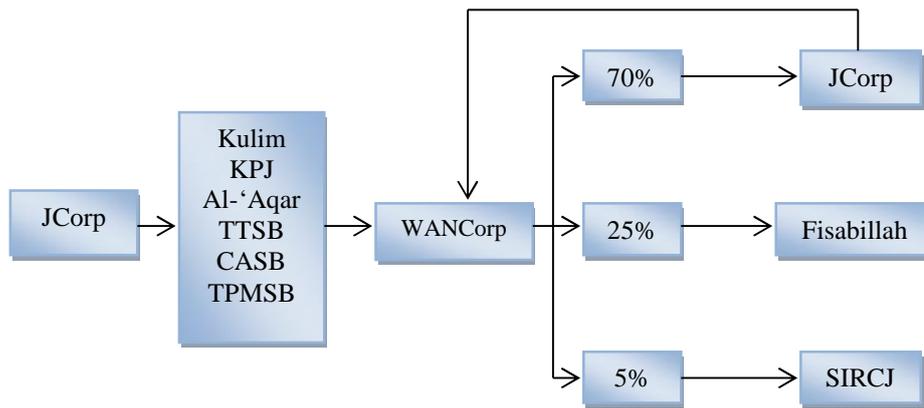


FIGURE 1. Diagram of JCorp's corporate share waqf model

Waqf An-Nur Corporation Berhad is responsible for Johor Corporation's CSR initiatives in terms of managing Waqaf An-Nur Hospital (HWAN) and the chain of clinics (KWAN), mosques, Waqaf Dana Niaga, Waqaf Brigade and benefit distribution for Fissabilillah. Thus far, Johor Corporation is responsible in developing and managing 16 Waqaf An-Nur clinics (KWANs) and a charity based Hospital under the name Waqaf An-Nur Hospital Pasir Gudang (HWAN). KWANs are operated in Johor, Negeri Sembilan, Selangor, Perak and Sarawak with cooperation from the Islamic Council of the respective states.

In addition, the Fisabilillah benefit distribution programmes by Waqf An-Nur Corporation Berhad are involved in helping patients' welfare, making mosques livelier, and conducting entrepreneurial and educational programmes. In addition, international contributions such as Humanitarian Aid were also extended. In terms of mosques, there are 7 mosques under JCorp's management through Waqf An-Nur Corporation Berhad. The mosques are not just limited as a place of worship, but also as educational centre for the community members.

Meanwhile, Waqaf Dana Niaga (WDN) is a financing facility offered by Waqf An-Nur Corporation Berhad to help people who are in need of financial assistance to do businesses. This facility is based on the concept of Qard Hassan or benevolent loan. There is no additional charge on this financial facility (interest-free). Apart from that, there is Islamic voluntary organisation known as Waqaf Brigade. It involves in assisting disaster victims such as flood, earthquakes and others both nationally and internationally. This organisation has been recognized by the National Security Council (NSC) due to its contribution to the society.

On the other hand, Table 2 shows the disbursement of Manfaah or benefit in year 2010 to 2012. It shows that the re-investment by JCorp increased between 2011 and 2012 from RM28,650,000 to RM36,270,000 respectively with the growth of 26.6 percent. It is followed by Fisabilillah activities where the fund allocated has increased tremendously from RM930,218 in 2011 to RM3,460,420 in 2012 (growth rate of 272 percent). Moreover, the allocation for State Islamic Religious Council of Johor has increased immensely where in 2011 was about RM718,076 and increased to RM2,861,700 in 2012 with the growth of 298.52 percent.

TABLE 2. Disbursement of manfaah or benefits of share waqf, 2010-2012

Beneficiaries/ Activities	Year (RM)			Growth 2011-2012
	2010	2011	2012	
a) Re-Investment Activities by JCorp (70%)	10,297,744	28,650,000	36,270,000	26.6
b) Fisabilillah (25%)	866,635	930,218	3,460,420	272

i) Health Services	192,027	132,000	509,000	
ii) Programme held at mosque/surau	n.a	20,000	25,000	
iii) Construction of mosque/surau	n.a	223,825	647,083	
iv) Social development/Orphans/CSR	n.a	439,244	907,034	
v) Human Capital Development	35,000	74,116	1,312,303	
vi) Orang Asli	n.a	41,035	60,000	
vii) Imam Bukhari Theater	659608	n.a	n.a	
c) State Islamic Religious Council of Johor (5%)	380,000	718,076	2,861,700	298.52

Source: Waqaf An-Nur Corporation Berhad Annual Report, 2012

#### EMPIRICAL RESEARCH ON CORPORATE SHARE WAQF MODEL

There are very limited studies that had been carried out in the area of Corporate Share Waqf Model particularly in Malaysia. Although there are many recent studies that discuss on Corporate Waqf, most of the discussion is focused on the theoretical and conceptual framework.

For example, Mahmood and Shafiai (2013) analysed the uniqueness of the implementation of Johor Corporation Berhad (JCorp)'s Corporate Share Waqf Model in Malaysia. Based on their analysis, they found that Corporate Waqf has brought a great Maslahah by improving the economy of the Ummah and, at the same time, preserving the equity of Muslim in the corporate sector. Their study is also similar to Khairy et al. (2014) which explores the conceptual framework of Corporate Share Waqf Model and identify the uniqueness of the Corporate Share Waqf Model in Malaysia especially in Government Linked Companies (GLCs). Based on the review of past literature and annual reports, he suggested that proper implementation of Corporate Share Waqf is very useful in developing the economic well being of the communities and nation especially if there is participation among GLCs. Although these two studies have highlighted the positive impacts of Corporate Waqf, the research was based on library research by referring to published resources such as annual reports and relevant documentations without conducting any empirical study. Furthermore, these studies did not focus on the issues of administration and management in which will be addressed in this present.

In another study, Don (2011) analyzed the implementation of Corporate Share Waqf Model by Jcorp based on existing literature and secondary data obtained from the discussion with the Johor Corporation (JCorp) and State Islamic Religious Council of Johor (SIRCJ). Based on the findings, he pointed out that there are some representatives of SIRCJ who play important role as an Independent Member Board of Waqaf An Nur Corporation Berhad to monitor the performance and provide advice for its operations. Furthermore, the author also pointed out that the Manfaah or benefits that are generated from the Share Waqf have been used for various social activities such as for businesses, hospital, clinics, mosque and also education. In addition, Don (2011) stated that both JCorp and Waqaf An Nur Corporation Berhad have paid tax totalled more than a million to government as corporate tax. This study has some similarities with the present study as both focused on Corporate Share Waqf Model. However, there are also major differences especially in terms of methodology. The present study conducts in-depth interview with Waqaf An Nur Corporation Berhad regarding the issues of administration and management of Corporate Share Waqf Model while Don's work focused on implementation of Corporate Share Waqf Model in general.

Similarly, Borham (2011) discussed the implementation of Corporate Share Waqf Model introduced by JCorp, through its subsidiary, the Waqf An-Nur Corporation Berhad. He used Waqf An-Nur Corporation Berhad's annual report to support the findings. Based on

his findings, he highlighted that Waqf An-Nur Corporation Berhad implemented developmental programmes that have brought great benefits to the entire community. Again, there was lack attempt to discuss the issues of administration and management of corporate Waqf and empirical analysis is not being used in understanding the issues concerned. This outcome has motivated the current research to be conducted on the issues of administration and management of Corporate Share Waqf Model.

## METHODOLOGY

This study uses a semi-structured face-to-face interview approach. A semi-structured interview technique is used in order to investigate the research questions because it is expected to better enhance readers' understanding on certain information derived from individual respondent's own experiences, knowledge, and skill. This technique also minimises researcher biasness, and the reliability of the answers given is maintained, as the answers are obviously obtained from the individual's own perspectives. The semi-structured interviews also allow the interviewees a degree of freedom to express their thoughts on the issues being studied (Horton et al. 2004). According to Zikmund (2000), personal interviews are direct communication and it gives opportunity to the interviewer to provide feedback by clarifying any questions. Finally, by using this method, the findings obtained via the interview sessions are easily materialised to enable generalisation of impactful results. Thus, at this stage, this study aims to obtain the view of relevant stakeholders on the issues of administration and management of Corporate Share Waqf Model.

The researcher opts to interview technique to investigate the research questions because of the following justification

1. To capture the good level of relationship and understanding in order to gain in-depth information especially when investigating research questions where the interviewee has a good experience
2. As mentioned by Horton et al. (2004), by conducting interview, it will helps to provide better picture on the complex issues from participant experienced and fruitful thoughts

## SAMPLE

Two main management staff of Waqaf An-Nur Corporation Berhad were interviewed to capture their experiences and perceptions of Corporate Share Waqf Model practices. As usual, all interviewees' names were coded to protect privacy and confidentiality of the subjects. Details of the interviewees are provided in Table 3. The discussion of the results includes quotes from participants.

Each interviewee's quotation is numbered (E1 and E2) for ease of references to the respondent's profile. All interviews were conducted mainly in the English language. The duration of experiences as a staff is not more than 15 years. Therefore, their experiences and perceptions are supported by the understanding of theoretical and conceptual framework of Corporate Share Waqf Model.

TABLE 3. Profile of the interviewees

No	Institution	Positions	Codes
1	Waqaf An-Nur Corporation Berhad	Deputy Manager	E1
2	Waqaf An-Nur Corporation Berhad	Deputy General Manager	E2

## DATA COLLECTION

The study used semi-structured interview to get the management staff's experiences and perception on the Corporate Share Waqf Model. The interview questions were divided into two parts. The first part explores their view on administration and management of Corporate Share Waqf Model. Meanwhile, the second part is basically queries on the issues of administration and management that arose in operating Corporate Share Waqf Model.

All conversations are tape-recorded and then transcribed verbatim. After collecting the data through tape-recording, the data were analyzed thematically in order to discover common themes from the participants' view. After analysing thematically, the interviewer identified four major unique themes. These themes include: historical background of Waqaf An Nur Corporation Berhad, uniqueness of Waqaf An Nur Corporation Berhad Model, administration and management of Waqaf An Nur Corporation Berhad, and issues of administration and management. These themes are presented in Table 4.

TABLE 4. Categorical themes and major interview questions

Categorical Theme	Interview Questions
Historical background of Waqf An Nur Corporation Berhad	a) Could you explain how the idea to establish Waqaf An Nur Corporation Berhad Model arises?
Uniqueness of Waqaf An Nur Corporation Berhad Model	a) Why do you think that Waqaf An Nur Corporation Berhad Model is unique and differ from others?
Administration and Management	a) Could you explain about the administration and management of Waqaf An Nur Corporation Berhad Model?
Issues Of Administration And Management	a) Is there an issue related to administration and management of Waqaf An Nur Corporation Berhad? b) Why do you think that administration and management become important issues?

## RESULT AND DISCUSSION

### HISTORICAL BACKGROUND OF WAQAF AN NUR CORPORATION BERHAD

The participants in the interview were asked about their views on the historical background of Waqaf An Nur Corporation Berhad. In general, both interviewees agreed that the idea to establish Corporate Waqf take place massively after the economic crisis in 1997. Below are some of the responds generated from the interviews.

*“Actually the Waqf program at JCorp started before 1997. In that time, JCorp only focused on Waqf land. JCorp build religious school and mosque on the Waqf land. But the development that time is not really effective. Since you know that as a corporate and GLC sector, we have to focus on wealth creation and profit maximization. However, during the 1997 crisis, we had a tough time. JCorp undergo a critical time during the economic crisis. We faced ups and downs and Alhamdulillah thank to God we manage to go through the crisis. After the crisis we felt something missing in our CSR agenda. Later we come out with the idea to establish Waqf program massively. Waqaf An-Nur Corporation Berhad is a one of the subsidiary companies of JCorp that was entrusted to manage all Waqf properties of JCorp in terms of assets and shares. On 25th October 2000, Waqaf An Nur Corporation Berhad started as ‘Pengurusan Klinik Waqaf An- Nur’. In 2009, JCorp and State Islamic Religious Council of Johor (SIRCJ) made a memorandum of understanding (MOU) where SIRCJ agreed to appoint Waqaf An Nur Corporation Berhad to act as a special Mutawalli or trustee*

*in managing all JCorps' properties by following the Waqf Procedures 1983 under the Enactment of Islamic Administration State of Johor 2003". (E1)*

*"JCorp has made a right decision to establish Waqaf An Nur Corporation Berhad after the crisis in 1997. It is to show the commitment of corporate sector in establishing CSR program that can help people outside there. Although during the crisis time, JCorp has a tough time, they passed through the crisis and started a new avenue of CSR. I refer to the establishment of Waqaf An Nur Corporation Berhad. Initially, Waqaf An Nur Corporation Berhad operated as 'Pengurusan Klinik Waqaf An- Nur' in 2000. But in 2009, Alhamdulillah, Waqaf An Nur Corporation Berhad move a step ahead after JCorp and State Islamic Religious Council of Johor (SIRCJ) signed a memorandum of understanding (MoU) whereby SIRCJ agreed to appoint Waqaf An Nur Corporation Berhad to act as a special Mutawalli or trustee in managing all JCorp Waqf property". (E2)*

Based on the above findings, the interviewees highlighted that the idea to establish Waqaf An Nur Corporation Berhad is a part of the JCorp's Corporate Social Responsibility (CSR) program. For corporate and GLC sectors such as JCorp, CSR program requires the organizations to work together with society; different groups with their own specific sets of needs, expectations and demands that represent every interactions. Thus, JCorp through its subsidiary namely Waqaf An Nur Corporation Berhad takes a decision to focus more on social oriented program that can benefit other people.

It is further strengthened with the signing of MOU between JCorp and State Islamic Religious Council of Johor (SIRCJ) in 2009 where Waqaf An Nur Corporation Berhad is appointed as a "Special Mutawalli" for JCorp's Waqf assets and shares. Such an appointment indicates the willingness and right of SIRCJs in Malaysia in appointing a "Special Mutawalli" in order to develop Waqf assets for the benefit of others.

#### UNIQUENESS OF WAQAF AN NUR CORPORATION BERHAD MODEL

The participants in the interview were further asked about their views regarding the uniqueness of Waqaf An Nur Corporation Berhad Model. The participants affirmed that Waqaf An Nur Corporation Berhad Model is unique and differ from others. Below are the respondents' views:

*"If you ask me, we can say that our model is unique and different from others. Other models are using Cash Waqf in either real form or through Waqf certificate. But our model is different. First, you have to know that Corporate Share Waqf Model is the most contemporary form of Waqf. We at JCorp and Waqaf An Nur Corporation Berhad are proud of it. This corporate Waqf is the first corporate sector that is carried out in Malaysia and in the world. I can say that it is a good start to involve all the corporate sector and GLC into the social-oriented initiatives. In our model, it is managed by its subsidiary known as Waqaf An-Nur Corporation Berhad which is a limited company with the guarantee of JCorp itself. Waqaf An-Nur Corporation Berhad is established to manage the assets and shares of JCorp that is declared as Waqf and acting as 'Alaihi Maukuf' on those shares and other securities. The main feature of Waqaf An-Nur Corporation Berhad is placed on the management of Share Waqf. All declared Share Waqf is registered as Waqf with SIRCJ and Waqaf An-Nur Corporation Berhad becomes as a Special Nazir". (E1)*

*"Yes I agree to say that Waqaf An Nur Corporation Berhad Model differs from others. First you have to see that usually Waqf program in Malaysia is performed by the states or NGOs.*

*But in our context, you can see the participation of corporate sector. That is the reason why it is called as Corporate Share Waqf Model. Also you can see that in our model, we declare share as Waqf. While in other practices, they used cash Waqf, issuing Waqf Certificate and also immovable assets such as land. We are totally different. And, we also become our own Mutawali where we manage our Waqf property by ourselves with the monitoring from SIRCIJ". (E2)*

Based on the above findings, the participants opined that Waqaf An Nur Corporation Berhad Model is new, unique and important. The cooperation between JCorp and SIRCIJ lead to a better practice of Waqf, which is implemented by JCorp through its subsidiary, Waqaf An Nur Corporation Berhad. Accordingly, despite several other practices of Waqf in Malaysia, Waqaf An Nur Corporation Berhad model is definitely different from others. The involvement of corporate sector in Waqf program reflects the main difference between Waqaf An Nur Corporation Berhad model and other Waqf institutions such as Perbadanan Waqf Selangor and Yayasan Waqaf Malaysia in terms of collection, management and administration.

Furthermore, the form of Waqf as practiced by Waqaf An Nur Corporation Berhad also differentiate themselves from others. For other Waqf institutions such as Perbadanan Waqf Selangor and Yayasan Waqaf Malaysia, the forms of Waqf are basically in real Cash Waqf and Waqf Certificate. While for Waqaf An Nur Corporation Berhad, its form of Waqf is in terms of Share Waqf. For JCorp, share is complementary sources to them in order to reach their aims to be Al-Waqif and at the same time they are able to fulfil the Corporate Social Responsibility (CSR) towards their communities.

#### ADMINISTRATION AND MANAGEMENT

The participants were asked about their views regarding the administration and management of Waqaf An Nur Corporation Berhad. The participants conveyed the message on how Waqaf An Nur Corporation Berhad is administered and managed as a Corporate Share Waqf Model. For the interviewees, the success of Waqaf An Nur Corporation Berhad in implementing Corporate Share Waqf Model should be followed by other corporate sector. Below are the respondents' views generated from the interviews:

*"Basically, Waqaf An-Nur Corporation Berhad is considered as a limited company which is a subsidiary of JCorp. Waqaf An-Nur Corporation Berhad is established to manage JCorp's stocks and assets which are declared as Waqf. In other word, I can say that Waqaf An-Nur Corporation Berhad is entrusted to manage all JCorp groups' assets and shares that are donated as Waqf under the supervision and guarantee of the JCorp. Waqaf An-Nur Corporation Berhad becomes responsible for JCorp's CSR initiatives to manage hospitals and clinics, Waqaf Dana Niaga, Waqaf Brigade and fisabilillah programmes. Basically, when there is a Memorandum of Understanding between JCorp and SIRCIJ on December 4, 2009, SIRCIJ agreed to appoint Waqaf An-Nur Corporation Berhad to exercise the powers and duties as the Special Nazir in pursuant to Rules 1983, under the Enactment of Waqf Islamic Religious Administration Johor 2003. This agreement allows JCorp directly declared Waqf shares of his company through the Corporate Share Waqf Model. As I mentioned earlier, the main feature of our model is where the Waqf property that is declared as Waqf is registered as a Waqf with SIRCIJ and under Waqaf An-Nur Corporation Berhad. As a Special Nazir, Waqaf An-Nur Corporation Berhad is responsible for managing all affairs related to shares and the distribution of benefits as stated in the Hujjah of Waqf. In terms of the distribution of benefits, Waqaf An-Nur Corporation Berhad is responsible for distributing based on Hujjah*

*Waqf, which 70% for the re-investments of the Corporation and Human Development, 25% for Fisabilillah programmes and 5% delivered to SIRJC". (E1)*

*"After SIRCJ agreed to appoint Waqaf An-Nur Corporation Berhad to exercise the powers and duties as the Special Nazir in 2009, we at Waqaf An-Nur Corporation Berhad plan and manage accordingly. It is true that we are a subsidiary of JCorp and we also become as a Mutawali. But I can say that SIRCJ still monitor us by becoming as a board member who sits on Waqaf An-Nur Corporation Berhad board. Thus, our activity is fully monitored and screened by them. Regarding the management, we at Waqaf An-Nur Corporation Berhad is a company limited by guarantee by JCorp itself. Our salary is also being paid by JCorp. Our main task is to manage the assets and shares of companies that are declared as Waqf by JCorp and acting as Mutawali. The agreement between the SIRCJ as sole trustee of General Nazir and JCorp as special trustee called Nazir Khas. The delivery of the responsibility by SIRCJ to JCorp is made due to the expertise possessed by JCorp in terms of management and administration of Waqf property. The benefit is collected and distributed into three groups with different percent of the endowment in line with an agreed authority for 70 percent, 25 percent and 5 percent". (E2)*

In Malaysia, usually the State Islamic Religious Councils (SIRCs) will manage all the matters related to Islam including the Waqf under the provisions of the Constitution as listed in List II Table Ninth. However, in the context of Waqaf An Nur Corporation Berhad, SIRCJ has agreed to the idea of establishing Corporate Share Waqf Model. SIRCJ still plays a major role in monitoring the performance of Waqaf An Nur Corporation Berhad by having an Independent Member Board under the organisation. As an Independent Member, SIRCJ gives its views and opinions regarding Waqaf An Nur Corporation Berhad's operation.

Among those appointed as an Independent Member was Director of Johor Islamic Religious Department, the Mufti of Johor State Government, Department of Religious Advisory of State Islamic and Chief Assistant Director of Zakat, Baitumal and Wakaf Johor. This involvement is important to ensure that there is no mismanagement and enhance control of the operations. In terms of the Manfaah (benefit) distribution, 75 percent will be reinvested via JCorp, while the remaining 25 percent will be channelled to Fisabilillah programmes and remaining 5 percent is channelled directly to SIRJC for general use. With such distribution, it reflects a specific mechanism to ensure Manfaah or the benefits of the share ownership that is derived from the annual dividend, is transferred to support charitable activities and religious institutions.

#### ISSUES OF ADMINISTRATION AND MANAGEMENT

The participants were asked about their views regarding the issues that arise in the administration and management of Waqaf An Nur Corporation Berhad. The interviewees highlighted several issues related to administration and management of Corporate Share Waqf Model that exist within Waqaf An Nur Corporation Berhad. Among the issues that have been highlighted by the interviewees are related to taxation, issuance of dividend, regulation and administration. Below are the respondents' views generated from the interviews:

*"If you ask me, I will say that taxation is the particular issue for our case. You know Waqaf An Nur Corporation Berhad is a subsidiary of JCorp. Since we are from corporate sector, we are both, the Mother Company and the subsidiary have to pay corporate tax of 26 percent. In total we have to pay more taxes to government. In fact if you follow the rule of Enactment of*

*Waqf Administration, we should get tax exemption from the government. However, until now we are still waiting for the tax exemption although we had already applied (for tax exemption). There is no standard regulation yet for Corporate Share Waqf Model. Another issue is that regarding the form of payment of dividend for Waqaf An Nur Corporation Berhad as Manfaah by JCorp. Sometimes you have to remember that the dividend may be in many forms such as in terms of cash, warrant or right issuance. So, let say if we want to pay SIRCJ 5% in terms of warrant, they might not agree with that mode of payment. So there is inconsistency of methods of payment of dividend. Also, there is the issue of volatility of the stock. You know that the share prices are not consistent and mostly adjusted through time. It may increase or decrease. Since our model is based on share Waqf, it may affect our Manfaah or proceed. In our case also, we are restricted by our Mother Company. Our salaries are also being paid by them. 70% of the re-investment Manfaah is being invested by them. SIRCJ is only monitoring our performance and development”. (E1)*

*“We at Waqaf An Nur Corporation Berhad already applied for tax exemption for long time and several times. But still we do not get positive answer. Until now, we are still paying 26% of corporate tax. Both Waqaf An Nur Corporation Berhad and JCorp. So far, we pay more than RM1.5 million already. It is not easy for us because we are doing the charity program under the name of Waqf. Supposedly, we should get tax exemption like other foundations and trusts. In terms of auditing also we are facing some issues since there is no standard terms and regulation to administer Waqf matter. We sometimes do not know where and how to report the Waqf expenses in the financial report. We should have standard accounting for Waqf. Another thing is that, as mentioned by (E1), yes we are all still under the umbrella of JCorp and we are paid by JCorp. Our status of Waqaf An Nur Corporation Berhad is still unclear, whether we operate as a non-profit organization or as a company. JCorp will make a decision of investment for using 70% Manfaah or benefit for reinvestment purposes. It is like two way arrows where you get and give back”. (E2)*

Based on the findings from the interview, taxation, regulation, forms of dividend and administration are becoming the main hurdles in administering and managing Corporate Share Waqf Model. The finding is also consistent with earlier findings by Don (2011). Basically in Malaysia, the foundations and trust based institutions are exempted from paying corporate tax. In addition, an individual who donate for any charity purposes including Waqf is also getting tax exemption of 7 percent to 10 percent . However, in the context of JCorp and Waqaf An Nur Corporation Berhad, both parent company and subsidiary are required to pay corporate tax although the latter is involved in doing charitable activities. For instance, in 2007 and 2008, they had already paid the total tax amount of RM 822,441 and RM 1,223,258 to Inland Revenue Board, respectively (Don 2011).

Meanwhile, although Corporate Share Waqf Model has already been introduced in Malaysia, hitherto, there is no standard regulation being enforced. In Malaysian context, the Islamic matters are governed by SIRCJs. However, in the context of Waqaf An Nur Corporation Berhad, it seems that the corporate entity is responsible in managing and administering the matters related to Corporate Share Waqf Model. In addition, there are standard rules for managing Corporate Share Waqf Model. Indeed, as highlighted by the participant (E2), there is no standard accounting, auditing rules and terms for Corporate Share Waqf Model.

## CONCLUSION AND RECOMMENDATION

As a conclusion, Corporate Share Waqf Model is becoming one of the popular tools as it is parallel with the need of corporate sector to participate in social-oriented programme. It can help corporation to achieve their mission and vision and indirectly contribute to the economic and societal development. Corporate Share Waqf Model is also getting a very good remark and being worldwidely recognized because it has fulfil the requirement of Corporate Social Responsibility (CSR).

However, the issues with regards to the administration and management of Corporate Share Waqf Model are becoming pertinent yet unresolved issues. Therefore, the purpose of this paper is to explore the administration and management issues of Corporate Share Waqf model through the experience Waqaf An-Nur Corporation Berhad. The study concludes that the taxation, regulation, forms of dividend and administration are becoming the main hurdles in administering and managing Corporate Cash Waqf Model. Thus, the findings of this study can be used to provide a specific framework for Corporate Waqf Model in Malaysia and to plan appropriate intervention strategies where is required. There is an important need to address these issues to maintain and enhance the role of corporate Share Waqf Model, specifically Waqaf An-Nur Corporation Berhad. It is an effort of servicing the Muslim Ummah. When it is appropriately structured, properly planned and organized, and efficiently managed, corporate Waqf Model can be anticipated to have all the competence, potential, and vitality of any well-functioning corporate entity.

The study also provides recommendations for the policy makers in order to address the issue of administration and management of Corporate Share Waqf Model. Regarding the issue of taxation, the government should consider the role of Waqaf An-Nur Corporation Berhad as a charity organisation. Thus, the government need to be flexible in giving tax exemption for Waqaf An-Nur Corporation Berhad under the Section 44(6) Income Tax Act 1967. There should also be clearer regulations introduced to govern Corporate Waqf Model in Malaysia by the respective government agencies. This is critical to address many issues such as administration and the payment of forms of dividend. On the other hand, JCorp as the parent company should be able to exist separately from Waqaf An-Nur Corporation Berhad's whereby Waqaf An-Nur Corporation Berhad will have different tax and legal treatment in order to be effectively operated as a company that pursues CSR motives.

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