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## **APPLYING THE THEORY OF REASONED ACTION IN ESTABLISHING WAQF HYPERMARKET: A CONCEPTUAL FRAMEWORK**

Mohd Khairil bin Bahari<sup>1</sup>, Khairil Faizal Khairi<sup>2</sup> and Mohd Nazri Mohd Noor<sup>3</sup>

<sup>1</sup>Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia

<sup>2</sup>Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia

Universiti Sains Islam Malaysia

khairilbahari@gmail.com

### **Abstract**

Waqf Hypermarket would potentially be a great catalyst in the waqf system as a whole. But the involvement of Muslim entrepreneurs in retail business is still very low. In Malaysia, Waqf Hypermarket initiative is still yet to be materialized. This effort will be fruitful if it comes to reality. So, if there is more participation either from the State Islamic Religious Council (SIRC), Muslim Entrepreneurs and factory owners, waqf fund can be expanded. Further, more fund will be channeled to Fisabilillah activities. The focus of this study is towards Waqf Fund in establishing Waqf Hypermarket. What makes someone to act is attribution of intention. Without intention, something cannot be implemented. Same as Waqf Fund in establishing Waqf Hypermarket, if someone has intention to contribute, the possibility he or she will contribute Waqf Fund in establishing Waqf Hypermarket is higher. The purpose of this study to assess the extent to which these factors were influencing individual's intention to contribute Waqf Fund in establishing Waqf Hypermarket based on the Theory of Reasoned Action (TRA). The factors that are taken into consideration for TRA are; attitude and subjective norm. Although extensive research has been carried out on TRA, no single study exists which discusses factors that influencing people to contribute waqf fund or involve in this practice. Subsequently to that, intention is taken place. This study conducted in Negeri Sembilan since its SIRC is one of the institutions that has implemented this similar type of waqf for entrepreneurial purposes. Suitable with research objective, people from Negeri Sembilan are respondents of this study because they're more exposed towards Waqf Fund for entrepreneurial purposes.

The sample of this study consists of 384 respondents. Questionnaires were distributed through Google Forms. The research hypotheses will be subjected to multiple regression analysis. The findings of this study are expected to contribute significantly to the literature related to individual's intention to contribute Waqf Fund in establishing Waqf Hypermarket among Malaysian Muslims.

**Keywords:** Waqf; Hypermarket; Theory of Reasoned Action;

## **1. Introduction**

The recent decades have witnessed an increase in the growth of detail business in Malaysia. This growth can be attributed to factors of such as; the types of products, the ease of doing business, business locations and the attractiveness of the business structures/buildings/decorations. Moreover, the relative stability of Malaysia's economy, coupled with its political stability, above average income and sustained economic development have played a significant role. This has drawn interest of many investors who lately has expressed increasing desires to invest in the country. This is witnessed in all segments of the economy, including the Islamic Finance ecosystem. As a result, this paper explores the potentials of utilizing a waqf fund in a high impact business in particular the hypermarket which can steer and boost the Ummah's economy. As the authorized body for Waqf affairs in Malaysia, it is proposed that the Islamic religious council, as well as other parties, be involved in this effort.

Waqf, which literally means "religious endowment", is recognized by the Islamic law as religious, pious or charitable donation. Waqf fund could be channeled to build mosques, madrasah, educational institutions, libraries, travelers' lodges, and inns. The usage of Waqf's benefits are not restricted to the Muslim community alone but goes beyond religious, cultural, racial and sectarian boundaries. As to strengthen Muslim's entrepreneur sector, this study proposes Waqf Hypermarket whereby the money could be used to build a hypermarket for the beneficial of Muslims' economy, enrich Muslim's ownership properties and so forth.

There are many hypermarkets which are established in Malaysia. Malaysians are familiar with the big names such as Giant, Tesco, AEON, Carrefour and also the local Bumiputera owned hypermarket; Mydin. There are also other hypermarkets owned by Malaysian Chinese like Econsave, Billion, Pacific and many more.

Majlis Agama Islam Negeri Sembilan (MAINS) has implemented this smaller scale/similar type of waqf (for entrepreneurial purposes) before, therefore this study is aimed to investigate whether this Waqf Fund in establishing Waqf Hypermarket could adopted and adapted in MAINS and eventually to other SIRC's in Malaysia too. This study also wants to investigate the determinants that drive the intention of individual to contribute Waqf Fund in establishing Waqf Hypermarket. This study was conducted among Negeri Sembilan people because they are much more familiar with the initiatives by MAINS to improve and strengthen the financial position of Negeri Sembilan Muslims people. The general objective of this study is to examine whether Attitude and Subjective Norm influences the intention to set up a specific Waqf Fund of establishing a Waqf Hypermarket.

## **1.1 Background of Research**

The waqf instrument is very unique and different from other financial instruments because besides helping the needy, the waqif (waqf founder) will also get rewarded by Allah for “as long as it remains running”, which implies that a running charity may never come to the end (Kahf, 2003). According to Razali (2013), waqf is an important element in welfare sector that leads to economic sustainability.

The roles of waqf in economic development are by providing facilities of health, education and ibadah (Asmak, 2009). According to Cizakca (2000) in his book entitled “*A History of Philanthropic Foundations: The Islamic World from the Seventh Century to the Present*” stated that waqf will not only reduce government spending, but it also can achieve another goal of the modern economy that is better distribution of income in the economy. Indeed, the potential of waqf institution is to rebuild civilization and overcome the challenges of living in the present.

Furthermore, the development of waqf application in the context of retail business has not yet to be fully implemented commercially as a hypermarket as they need waqf’s support from the relevant stakeholders.

Therefore, to ensure the sustainability of waqf hypermarket, the involvement of the relevant stakeholders in participating in establishing Waqf Hypermarket through contributing Waqf Fund is a key factor. However, it is believed that the level of awareness of the public on Waqf Hypermarket is extremely low.

Islam strongly emphasizes on intention of doing something. This is because every good intention will be rewarded even if someone is not able to perform these actions for the reasons of illness or death.

Therefore, prior to action, intention has to take place. One of the theories proposed to explain a person's intention to perform a behavior is the main predictor of whether or not they actually perform that behavior was Theory of Reasoned Action by Fishbein & Ajzen (1975). The previous studies were proven that the factors of TRA have a relationship with the intention to act. Thus, this study is constructed through the TRA model in the examined factors influencing individual’s intention to contribute Waqf Fund in establishing Waqf Hypermarket. The objectives of this study are; first to examine whether attitude and subjective norm are well predicted intention to contribute Waqf Fund in establishing Waqf Hypermarket. Secondly, to investigate what is the best predictor among the variables.

## **1.2 Problem Statement**

The issue to be highlighted and discussed in this paper is the involvement of local companies in running hypermarkets. A study commissioned by the Co-Operative Council of Malaysia established a major concern. There was only 4.2

percent market penetration by Bumiputera entrepreneurs in the hypermarket business. This number is lower than the government's aspiration which is to have at least 30 percent of Bumiputera companies running the hypermarkets. Furthermore, it is not easy for Bumiputera companies to come up with a hypermarket due to massive minimum capital requirement.

The central focus of this study is the factors of influencing intention. For this study, the researcher chose TRA for underpinning theory, which has two main variables; Attitude and Subjective Norm.

Since Waqf Hypermarket still has not existed in Malaysia, there is no way to evaluate and measure the 'Behaviour' to contribute waqf fund. Therefore, the study ends at the dependent variable of 'Intention' and not 'Behaviour' due to missing avenue to measure or evaluate a nonexistent subject matter. Hence, TRA is being chosen.

Therefore, one of the charitable platforms that the people can practice sadaqah is through waqf, specifically Waqf Fund in establishing Waqf Hypermarket. This study is an initiative to assess whether Waqf Fund in establishing Waqf Hypermarket can be accepted at other SIRC's and by other stakeholders such as Muslim Entrepreneurs and factory owners. MAINS was chosen because they have implemented Waqf Fund for entrepreneurial purposes, absolutely their employees and their waqf beneficiaries are fully aware of the Waqf Fund characteristics. If that Waqf Fund initiative can be forwarded, proposed and well-accepted by other potential industry players, more new funds can be generated.

### **1.2.1 Research Questions**

The objective of this study is to identify the applicability of the Theory of Reasoned Action (TRA) in the context of contributing in Waqf Hypermarket. In this study, the researchers proposed two research questions:

1. How well attitude and subjective norm predict individual's intention to contribute Waqf Fund in establishing Waqf Hypermarket?
2. Which is the best predictor of individual's intention to contribute Waqf Fund in establishing Waqf Hypermarket: attitude or subjective norm?

### **1.2.2 Research Objectives**

The objective of this study is to identify the applicability of the Theory of Reasoned Action (TRA) in the context of contributing in Waqf Hypermarket. In this study, the researchers proposed two research questions:

1. To examine whether attitude and subjective norm are well-predicted individual's intention to contribute Waqf Fund in establishing Waqf Hypermarket
2. To investigate which is the best predictor of individual's intention to contribute Waqf Fund in establishing Waqf Hypermarket: attitude or subjective norm

## **2. Literature Review**

### **2.1 Attitude and subjective norms**

According to the TRA, a person's intention is a function of two basic determinants, one personal in nature and the other reflecting social influence. The personal factor is the individual's positive or negative evaluation of performing the behavior. This factor is termed attitude toward the behavior (Ajzen and Fishbein, 1980). The second determinant of intention is the person's perception of the social pressure put on him/her to perform or not to perform the behavior in question. Since it deals with perceived prescriptions, this factor is termed subjective norm (Ajzen and Fishbein, 1980). According to the theory, attitudes are a function of beliefs. A person who believes that performing a given behavior will lead to mostly positive outcomes will hold a favourable attitude toward performing the behavior, while a person who believes that performing the behavior will lead to mostly negative outcomes will hold an unfavourable attitude. The beliefs that underlie a person's attitude toward the behavior are termed behavioural beliefs (i.e. the act of practicing riba or Islamic financing). Subjective norm is also a function of beliefs that specify individuals or groups to think whether he/she should or should not perform the behavior. These beliefs underlying a person's subjective norm are termed normative beliefs. A person who believes that most referents with whom he is motivated to comply think he should perform the behaviour will receive social pressure to do so.

However, the empirical evidence so far has shown that there is no conclusive evidence as to which variables are significant. The evidence so far is mixed at best. Hence, there is a gap in the literature regarding the relationship between attitude and intention and the relationship between subjective norm and intention. The evidence so far has demonstrated that there been mixed evidence regarding the relationship between attitude and intention and the relationship between subjective norm and intention.

### **2.2 Waqf**

#### **2.2.1 Guidance from the Al-Quran**

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ ۚ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ

“By no means shall you attain Al-Birr (piety, righteousness), unless you spend (in Allah's cause), of that which you love; and whatever of good you spend, Allah knows it well” (Al-Quran, 3:92)

#### **2.2.2 Guidance from the Hadith**

Abu Huraira (Allah be pleased with him) reported Allah's Messenger as saying:

When a man dies, his acts come to an end, but three, recurring charity, or knowledge (by which people) benefit, or a pious son, who prays for him (for the deceased) Sahih Muslim (1631).

Ibn Umar reported: 'Umar acquired some land in Khaibar he went to the prophet and said, "Messenger of God, I have acquired land in Khaibar which I consider to be more valuable than any ever I have acquired, so what do you command me to do with it?" he replied, "if you wish you may make the property an inalienable possession and give its produce as sadaqa." so 'Umar gave it as sadaqa declaring that the property must not be sold, given away, or inherited, and he gave its produce as sadaqa to be devoted to the poor, relatives the emancipation of slaves, God's path, travelers and guests, no sin being committed by the one who administers it if he eats something from it in a reasonable manner or gives something to someone else to eat, provided he is not storing up goods (for himself). Ibn Sirin said, "...provided he is not acquiring capital for himself." (Bukhari and Muslim)

From the above the term Waqf has not been specifically mentioned in the Al-Quran or al-hadith but are interpretations made by the fuqaha on sadaqa jariya. In laymen perspectives, Waqf is a form of donation mostly in term of properties. Once a person proclaims his/her property as Waqf, it is expected that someone who is entrusted with the Waqf will distribute the benefits to the intended beneficiaries as specified by the donor according to the shariah principle. Waqf is meant to transfer own property rights to Allah Almighty. The common parties involved for Waqf to be valid are: a mature founder (Waqif), individual or general philanthropy to the society as beneficiary (Maukuf Alaihi) and donated property (Maukuf). Lastly, a lafaz is undertaken to validate the Waqf agreement (Dahlia Ibrahim & Haslindar Ibrahim, 2013).

### **2.2.3 Waqf Hypermarket**

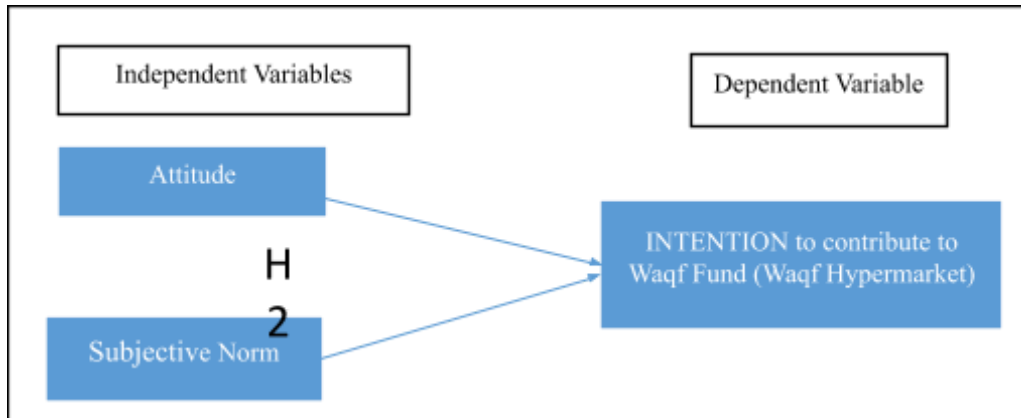
The researcher is looking on the possibility to implement cash waqf model as the sole source of contribution for the Waqf Hypermarket. Halalan Tayyiba principle would be integral concept for the hypermarket. Apart from halal factor being a vital consideration in deciding to offer a product on its shelves or otherwise, the hypermarket would go extra mile for the ummah. That is by boycotting products that are associated with the State of Israel or the United State of America in the name of Muslim brotherhood and unity.

The boycotting initiative can be carried out by various ways i.e. to campaign within the premise, to send protest letter to companies related and to boycott products (full boycott or partial boycott). All the extra efforts will help this hypermarket grow strategically into a niche area of retail business in Malaysia, which is unique approach unlike other established norms of hypermarket retailers.

## **3. Methodology**

Based on the Framework of the Study, there are 3 major steps in performing the research.

Figure 1: Proposed Research Framework



### 3.1 Questionnaires

A simple informative template will be prepared together with a set of questionnaire forms to be printed and distributed directly to each of the targeted respondents which mostly are living in Nilai, Negeri Sembilan targeting of 384 respondents. The intent of the questionnaires is to understand the socio-demographic and socioeconomic background of respondents and their level of willingness to contribute Waqf Fund in establishing Hypermarket as well as their understanding of Waqf. After a thorough survey, data from respondents' answers will be analyze statistically through the use of Statistical Product & Service Solution (SPSS) version 25.

### 3.2 Interviews

The potential of Waqf in the hypermarket business will be shared and discussed with the 3 key stakeholders as identified in the Framework of the Study. The intent is to invite them to respond and provide feedback on the Waqf Fund. Additional of that, to reflect on the utilization of the finalized Waqf Fund incorporating their comments (if any) for the forward action and the next steps required to materialize the proposal.

The population would be Bumiputra individuals, with the population are 20 million (69%) (Jabatan Perangkaan Malaysia, 2018) and, Malay Muslims percentage is 61. (Jabatan Perangkaan Malaysia, 2015).

Since the population is more than one million, the selected sample size would the maximum number which 384 respondents (Krejcie & Morgan, 1970) and purposive sampling method would be implemented.

## 4. Discussion and Conclusion

It is hope that this proposed research framework will useful to determine the intention to contribute Waqf Fund in establishing the Waqf Hypermarket. Apart from that, it is hope that it will assist SIRC and other stakeholders in recognizing the intention of future Waqf Fund contribution by utilizing the instrument from this study. It will be beneficial to policy makers in achieving its aspiration to have at least 30 percent of Bumiputera entrepreneurs in the hypermarket business. Economic balance between races could be achieved and Malaysia will be championing Islamic finance and economics again through pioneering Waqf Hypermarket initiative.

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