

Lembaga Tabung Haji Malaysia as a Showcase of Successful Management Model for Islamic Institutions

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Abstract. Lembaga Tabung Haji Malaysia has successfully taken steps as the ideal hajj management institution in the world besides becoming one of the biggest financial and investment institutions in Malaysia with high reputation and achievements in various sectors of the economy. Tabung Haji has proven its success by gaining recognitions for its comprehensive and excellent services. As an excellent organization, Tabung Haji becomes the prime choice for Muslims and a model for others. The Malaysian model of hajj organization is also viewed as the benchmark for Muslim countries. Therefore, this study examines major factors that contribute to Tabung Haji's success and the reputation that it has maintained outside the country to the extent of being a role model for other Muslim countries. The documentation of this Malaysian model and the successful historiography of Tabung Haji in building its reputation as a modern Islamic economic institution and world class modern hajj establishment is the primary objective of the study. The study arrived to the conclusions that there are many correlational factors that contributed to the success of the board today as the best hajj management institution in the world and the premiere Islamic financial institution in Malaysia, owned and managed by Muslim. A key factor of its success is due to the vigorous support from the council of rulers, government, other parties and Malaysian Muslims in running its function and its purposes of establishment. Besides, Tabung Haji's act of establishment and a systematic structure of administration measures adopted by the board that obtained international recognitions have become a catalyst to the success of the hajj organization in its field of concentration today. Tabung Haji's best practise of hajj management and innovations towards the hajj institution in Malaysia among other, contributed to the achievements of the corporation at home and abroad.

Introduction

Lembaga Tabung Haji Malaysia is a showcase of a modern Islamic economic institution and world class modern hajj establishment. The hajj organization is also viewed as one of the world's best model for Islamic institution and serves as a benchmark for other countries. The success of Malaysian pilgrimage model has also become an inspiration to several Muslim countries around the world in their desire to realize such an organization and at the same time following the footsteps of the glory of Tabung Haji. Due to that, Malaysian hajj historiography today is gaining an unprecedented attention by many interested parties including the global community. Therefore, documentation of elements that contributed to the successful historiography of Tabung Haji as a high performing financial institution in multi-discipline investments and pioneer of world modern hajj management is the primary objective of this study.

2.0 Lembaga Tabung Haji Malaysia as a model of Islamic management institution

The Pilgrimage Management Board or Lembaga Tabung Haji (TH) is established under the parliament act in 1969 as a public religious body to administer all matters concerning the funds and welfare of Malaysian pilgrims. Therefore, the objectives of the establishment of the board are twofold; firstly, to provide protection, regulations and welfare of the Muslims while on pilgrimage through its various facilities and services and to render the best services to the pilgrims throughout the hajj. Secondly, to enable Muslims to save gradually for the pilgrimage and to invest their savings in the economic activities based on Islamic principles and to give maximum returns on their investments. (Act 8, LUTH Act, 1969, Act 535, Tabung Haji Act, 1995). Tabung Haji has come up with a specific and systematic management system in order to achieve its vision and mission of establishment. It not only serves as a specialized institution catering for the needs of the Muslims to perform the hajj, but also serves as a specialized financial institution that provides the avenue for Muslims to save for the hajj based on the tenets of Islam. On hajj affairs, the board serves as a strong platform for hajj candidates in fulfilling their aspiration to achieve hajj *mabrur* (accepted hajj by Allah Subhanahu wa-ta-ala S.W.T.) at reasonable costs and through a variety of professional services. The introduction of the modern, comprehensive and best hajj management services for the pilgrims in Malaysia and Saudi Arabia by Tabung Haji have attracted and given opportunities to many members of the community from different backgrounds to fulfil their hajj. The Tabung Haji's high standard of efficiency and comprehensive services to the pilgrims, rapid development and related reforms initiated by the

corporation for the hajj institution had greatly alleviated the hardships and perplexities of the past over the performance hajj. In this process, the hajj performance under the administration of Tabung Haji significantly transformed the religious experiences of the pilgrims and the performance itself. This development had further accelerated the pilgrims flow and expanded the pilgrimage implications for the society.

Tabung Haji was also established as a public and premiere economic-based Islamic institution to enable Muslims to save their money gradually in a shariah based saving institution for the purpose of performing the hajj without fear of the money being tainted by usury. As a major Islamic economic organization in Malaysia, it operates as a shariah compliant institution that provides investment opportunities and activities for its depositors based on the Islamic principles. (TH Annual Report, 2016). The shariah compliant financial establishment not only fits the need of the Muslims but also serves as a platform for them to participate effectively and aggressively in the nation's economic activities. The mobilization of savings and profits derived from investments not only assist the pilgrims financially in meeting their expenses for the hajj but contribute to the expansion of the Muslims and the national economic progress.

Today, Tabung Haji's original mission and objectives remained unchanged, but its development and achievements have gone beyond imagination. As a pioneer of the modern concept of hajj management in the Muslim world and the first formal Islamic financial institution to be established in Malaysia, Tabung Haji has proven its success by gaining recognitions for its comprehensive and excellent services. The hajj board can take pride in the fact that it now holds the reputation as the best pilgrimage organization and Islamic financial institution in Malaysia owned and managed by Muslims and the only one of its kind in the world. In fact, Malaysia's modern concept of hajj management is considered among the best in the world and serves as a benchmark for other countries. The hajj organization is also viewed as one of the best model for Islamic institutions. (TH Annual Report, 2016). Therefore, it's essential to examine the Malaysia's model of hajj institution, its operation and management that contribute to the success and the reputation that it has maintained to the extent of being a role model for other Muslim countries.

The success created by Tabung Haji is contributed by various interrelated factors. Among the main success factors is the support given by the royal institution which is an important institution in Malaysia especially with regard to Islamic affairs. The support and recognition of the royal institution are important for Tabung Haji in combining its functions, activities and roles across the country. The solid support by the royal institution realizes the establishment of Tabung Haji as well as the effectiveness in managing the hajj. At the federal level, the position of the Yang Di Pertuan Agong (YDPA) as the head of Islam has put the hajj institution under the attention of the YDPA and the Conference of Rulers. Besides that, Tabung Haji also receives strong support at the state levels. The Sultans as the head of state of Islam and the State Islam Council (MAIN) have given their cooperation and support to Tabung Haji in carrying out their activities in each state. Furthermore, the establishment of Tabung Haji is supported by various parties in this country including the government, opposition parties, organizations at various levels as well as individuals. The strongest possible political support is given by the federal government where it has been involved in the effort of establishing Tabung Haji since the pre-independence era. The government's political will was realized with the introduction of the Tabung Haji Act 1969 which brought about the establishment of Tabung Haji as a hajj organization at the federal level. Other than that, the Malaysian pro-Islamic and pro-Saudi foreign policies have further strengthened the ties between this country and the government of Saudi Arabia. The good relationship between the government and the Kingdom of Saudi Arabia also has positively contributed to the expansion of the Malaysian hajj institution (Sharifah Ismail, 2016).

One of the factors of Tabung Haji's success is having its own act as well as the concept of establishment. The Tabung Haji operates under the provisions of its own legislation which sets out the establishment purpose, functions and specific powers of the corporation including exclusive jurisdiction over the pilgrimage related affairs in Malaysia. While some parts of its management are still a concern of the federal government, the agency has been structured to have enough flexibility to ensure efficiency in performing its statutory functions and sustaining the competitiveness of the board. Tabung Haji is considered as a quasi-government institution due to the fact that many of its members at the top management level are representatives or appointed by the government. (TH, Annual Report, 2016). Despite this, the government however maintains a non-political interference attitude in the management of the corporation. As a semi-governmental body, the board therefore has the power of the government and considerable amount of flexibility in governing and performing its statutory functions. It also has the capacity of acting in its own name thereby cutting down unnecessary red tapes and bureaucratic hurdles, ensuring the efficiency of the hajj corporation. Effective management and efficient services enable Tabung Haji to be more competitive and become a better establishment within the context of the current demands and future challenges. The Tabung Haji act of establishment and its structure therefore, become a catalyst to the success of the hajj organization today, namely as the best hajj provider and the economic pillar of the Muslims in Malaysia.

One of the factors that lead to the success of Tabung Haji is by varying the service network as well as improving the quality of service provisions from time to time. To ensure Tabung Haji continually remain relevant, efforts of continuous improvement are carried out involving all of Tabung Haji's activities in order to strengthen internal regulations as well as ensuring the efficiency and effectiveness of the working processes. For the purpose of ensuring Tabung Haji achieves

the needs of the clients whether they are the depositors or the pilgrims, the hajj body implements the efforts towards stabilizing the management structure, enhancing the effectiveness of the hajj operation, enhancing the achievements in investments and enhancing the activities related to the savings and withdrawal operations (TH, Annual Report, 2016). The structure of administration measures adopted by the management brings such a system of accountability within a framework of delegated authority, agreed feasibility, trust and transparency. It also promotes a corresponding system of check and balance as inherited in Tabung Haji's act of establishment. This best practice of corporate administration that fulfils and obtains international certification and standards makes Tabung Haji one of the successful management organisations locally and globally.

Tabung Haji also stresses on the development and the effectiveness of human resource management as well as the enhancement of the capabilities of the productive workforce. The energy resource generated by Tabung Haji consists of a combination of professional Muslims not only possessing the skills in their respective areas but also knowledge in the two main core areas of Tabung Haji, the hajj management as well as finance. These make each member an asset of Tabung Haji. The energy resource of Tabung Haji which consists of the combination of Muslim professionals capable in various fields has contributed to the productivity as well as the progress of Tabung Haji's operations. The approach utilized by Tabung Haji has created Bumiputera potentials through high performance working culture besides allowing them to generate higher income through highly skilled workforce. The workforce generated by Tabung Haji consists of a myriad Muslim professionals in various fields, contributing to the success of this hajj body as one of the most well-known Islamic organizations in the world (TH, Annual Report, 2016, Khazanah Nasional Berhad, 2014).

As a semi-government body, the Tabung Haji has been accorded certain privileges particularly in the investment field. The government has granted Tabung Haji a privileged status as an approved government institution in line with the government's policy of enhancing the position and economic status of the Malay citizens. In line with these objectives, Tabung Haji is actively involved and investing in various national economic activities thus becoming one of the highest performing government link companies (GLCs) and government linked investment companies (GLICs) (Khazanah Nasional Berhad, 2014). In the economical and investment activities, Tabung Haji not only relies on the help of the government but also explores economic opportunities independently whether locally or globally. Investments at the national and global levels ensure Tabung Haji's position as an Islamic financial institution that helps empower the economy of the ummah. Besides that, Tabung Haji always enhances its capabilities in implementing strategic business plans to ensure all investments give competitive returns for the depositors. Besides pioneering the innovations of new services for the Muslims in this country, Tabung Haji has fully utilized its global reputation and smart investment choices to increase the value for its stakeholders. Tabung Haji now has diversified and increased its investment activities with local and foreign investment partners and institutions and therefore maintained a competitive edge in its business venture. Investment activities are a factor that determines the income performance of Tabung Haji. To ensure the interests of depositors, Tabung Haji adopts a conservative and cautious approach towards its investment activities in order to ensure they are not only in conformity with the Islamic precepts but are also profitable. Furthermore, the board has diversified investment activities such as in plantation, industry, tourism and the hajj services, consumer product services, halal food industry, the commercial sector, real estate and other profitable ventures. The diversity of investments in a variety of economic enterprises provides widespread hedging opportunities, minimizes the risks, ensures security in investments, profit maximization and continuous good returns. Tabung Haji's investments in various sectors have led it to attain high earnings growth and steady incremental returns (TH, Annual Report, 2016).

Besides, Tabung Haji is also one of the biggest savings institutions in the country. Among the factors that attract depositors to save with the board are application of the shariah principles in its deposits and saving services and the safe nature of its saving products which come with numerous privileges that meet customers' satisfaction. The success of the board is also due to the improvements and diversifying quality services offered for the convenience of the depositors, contemporary management and marketing techniques which bring a positive turn out in the performance of the savings collections and the number of depositors (Sharifah Ismail, 2016).

Tabung Haji is a unique institution that carries out two opposite activities under one administration, which is the hajj and financial activities. However, these two differing activities are inter-related and complementary to each other. Tabung Haji promotes hajj savings, mobilizes capital from the savings and invests them in economic activities for maximum returns. Profits derived from the investments assist the pilgrims and Tabung Haji financially in meeting hajj expenses. With strong financial sources which are generated by the economic activities, Tabung Haji is able to provide the best hajj services for the pilgrims. These quality services benefit the pilgrims as well as contribute to Tabung Haji's good track record in the eyes of Malaysians. Tabung Haji's reputation encourages more community members to perform the hajj under this hajj service body. The increase in the number of Muslims who are interested in performing their hajj leads to the increase in the number of depositors, thus contributing to a larger deposit funds to Tabung Haji. The large amount of funds can be used to explore various economic areas which would generate exponential income to Tabung Haji and the depositors. The profits gained would be reutilized to fund various activities and the hajj services which would then contribute to the depositors and the pilgrims themselves. The capability of Tabung Haji to generate its own income as well as a strong financial source

are one of the factors of success for the organization. Big funds help Tabung Haji in carrying out its functions more effectively besides bringing various innovations into the services. It also helps Tabung Haji to grab and explore existing opportunities besides arranging future plans in order to bring this organization to a higher level.

The monopoly rights in the hajj management are also a strength and advantage for Tabung Haji. The centralized pilgrimage management at the national level handled by Tabung Haji coordinates all the hajj administration policies in this country under one system across the country. Therefore, the hajj management can be implemented more effectively, systematically and is more organized. As a religious organization at the national level as well as the only hajj service provider in Malaysia, Tabung Haji has the power to provide services across the country without restrictions in terms of jurisdiction and thereby possesses bigger access to the society. With this, Tabung Haji can carry out its functions more effectively. The comprehensive hajj services under one management which covers the hajj savings as well as the hajj management in Malaysia and Saudi Arabia create a more efficient pilgrimage management. It also enhances the quality of service as well as provides the facilities that have bigger impact on the Muslims that benefit the real objectives of the Tabung Haji establishment. These factors also contribute to the success of Malaysia in providing the best hajj services to the Muslims in this country.

The hajj monopoly system also provides benefits to Tabung Haji in the management and welfare of the pilgrims. As the coordinator of the pilgrimage services, Tabung Haji has the power to do the monitoring, regulating as well as to take actions on any private hajj agencies that do not fulfill the hajj services as specified. This approach not only ensures the welfare of the pilgrims but also the reputation of Malaysia as a country that does not give problems to the government of Saudi Arabia in the management of the hajj. Not only does it give a good track record to this country but also ensure the good relationship with the Kingdom of Saudi Arabia where this relationship is very important in maintaining a smooth pilgrimage management whether in Malaysia or in Saudi Arabia. (LUTH, 1986, TH Act 1995, Sohaimi Mohd Salleh, n.d).

The status of Tabung Haji as the sole service provider of the nation's hajj services makes this organization into the sole body that manages the hajj service from the beginning of its establishment until now. The hajj board's long experience makes this organization into an organization that possesses the skills and wide experience in the hajj management. Tabung Haji's experience, detailed planning, and annual improvements as well as the implementation of new innovations in the management of the hajj further enhance the quality of the hajj services. In addition, the good relationship which has been fostered for many years between Tabung Haji and the agencies involved in the hajj operations helps this hajj body to improve the pilgrimage management coordination at all levels. These close ties which have been fostered for a long time between the Malaysian government and Saudi Arabia, Tabung Haji and those in authority in Saudi Arabia also put forth the cooperation between Tabung Haji and the Saudi Arabia. Malaysia's good track record and this cordial relationship help smoothen the operations and the hajj management especially in Saudi Arabia. These support and cooperation from many parties in Malaysia and in Saudi Arabia are very significant in the success of Tabung Haji as the best pilgrimage service provider in the world.

As an organization with internal authority in hajj management, Tabung Haji utilizes this authority by making various innovations in the hajj management system. This includes the utilization of modern transportation as well as the application of technology in its administration. The utilization of modern transport helps solve various problems related to the welfare of the pilgrims besides giving better services to the community. The application of current technology also contributes to the success of Tabung Haji. Since its establishment, Tabung Haji has used the latest technology especially in the financial transactions and hajj management in order to facilitate the administrative affairs. This makes this organization among the first government agencies that uses technology. The use of innovative system particularly in the hajj affairs in Malaysia and Saudi Arabia improves the efficiency of the administration of Tabung Haji. Therefore, the system facilitates and ensures smooth arrangements of the hajj operation as well as to give maximum services for the pilgrims. As befits the current development, Tabung Haji has also improved the technology system used besides manipulating the latest technology and communications system such as the broadband technology and the digital media in the administration and service provisions. These make the management system more effective (TH, Annual Report, 2016).

Besides that, Tabung Haji's effort in providing the pilgrims with the best comprehensive education on the hajj is also a factor that contributes to the reputation of Malaysian pilgrims besides the success of Tabung Haji in the hajj services. The free hajj guidance prepared by religious teachers and trained experts which covers both the theoretical and practical aspects to all pilgrims benefits the Muslims from various backgrounds in this country. The effectiveness of the education on the hajj can be seen from the success of Tabung Haji in consistently producing quality pilgrims, knowledgeable with high discipline each year in the holy land (http://ww1.utusan.com.my/utusan/special.asp?pr=PR11&y=2004&dt=0116&pub=Utusan_Express&sec=Front_Page&pg=fp_10.htm25)

Tabung Haji has no direct responsibilities towards Malaysian pilgrims in the Kingdom of Saudi Arabia as the hajj related services are the duties and responsibilities of a number of approved hajj establishments in their respective areas. However, Tabung Haji has received approval from the Saudi government and its hajj authorities to manage hajj administration and

operations for Malaysian pilgrims in the matter that comply with Saudi's regulations (Ministry of Pilgrimage, Kingdom of Saudi Arabia, 1994). Tabung Haji directly oversees and coordinates hajj operations with the relevant Saudi's hajj authorities. It administers hajj affairs for its own pilgrims to facilitate the performance of the hajj and provide the pilgrims with welfare provisions and medical facilities and services. The pilgrims are provided with the best services and modern facilities. The direct involvement of Tabung Haji in the pilgrimage management in the Kingdom of Saudi Arabia, its well-planned operations, its years of experience, excellent services and facilities, strong affiliations and coordination with Saudi Arabia are among the contributing factors in the success of the organization in hajj affairs.

From the Islamic perspective, the success of Tabung Haji is influenced by the Islamic approach applied in the organization. As a religious organization, Tabung Haji moves with Islam as the organizational guide where all operations and management are more concerned with obedience to the Islamic shariah. These concepts of submission and dependence on Allah (S.W.T.) are borne out of the hope for blessings from Allah (S.W.T.) which is the main aim of the organization, thus producing members who are committed, possess integrity and sincere in their duties. Other than that, all operation practices as well as transactions in various activities are oriented to obedience to the shariah. The concept of brotherhood as well as welfare in Islam are also the main practices in Tabung Haji's management such as the emphasis on teamwork, personality development and human capital building as well as conducive working environment.

This organization also stresses on the internalization and realization of the human responsibilities as the khalifah (vicegerent) of Allah (S.W.T.) for a prosperous life on earth as well the best preparation for the afterlife. These concepts are clear in the Tabung Haji's mission and vision, which is to provide the best pilgrimage service in its effort to help the pilgrims achieve hajj *mabrur* as well as manage their finances and investments effectively to generate competitive returns. Therefore, the establishment of Tabung Haji is to help Muslims perform Allah (S.W.T.)'s shariah specifically in relation to the hajj and at the same time help Muslims maintain and increase their wealth, which are in line with the claim of success on earth and the afterlife. Its contributions to the community such as halal savings, comprehensive hajj management for the pilgrims that befits their position as "guests of Allah", hajj subsidy, competitive bonus payment, attractive remuneration packages and comprehensive welfare services to its staff, zakat as well as various social programme and welfare are also in line with the Islamic teachings which balance between worldly and afterlife claims and goodness (TH, Annual Report, 2016). The Islamic orientated approaches as well as Tabung Haji's policy in emphasizing the concept of blessings sharing between the hajj body and the society contribute to the success of Tabung Haji. From the Islamic point of view, this success is seen as a blessing from Allah (S.W.T.) for the efforts carried out by this pilgrimage organization. Besides, the prayers from the Tabung Haji staff, the pilgrims as well as Muslims themselves, make this hajj organization among the successful institutions at the national and global levels. The successes, contributions as well as the image of Islam brought by Tabung Haji contribute to the high confidence of Muslims which then continue to give a solid support to the organization. The continuous trust and support of the Muslims in this country to Tabung Haji is the main secret of success of the organization. This is proven through the encouraging participation and support of the public in the services provided by Tabung Haji. The Muslim support generated from the high confidence towards this hajj body becomes the stimulus behind Tabung Haji's success.

Summary

The hajj institution in Malaysia under Tabung Haji management has experienced one impressive transformation process until Malaysia is recognized as a country with the best hajj institution in the world and a key player in Islamic economy thus a competitive model for other countries. The success of Tabung Haji is not the effort of one individual or an organization, but a combination of various factors and efforts from various sectors. Besides the efforts carried out by Tabung Haji, solid and continuous support from the Malaysian and Saudi Arabian governments as well as the Muslims in this country are the catalysts for the success of Tabung Haji. The success story of Tabung Haji serves as the best example of how with proper management and proper understanding of the Islamic teachings, religious institutions can be a source of advancement and progress of a society. Various successes achieved by Tabung Haji also show the ability of Muslims in this country in a successful and world class corporate management.

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