

Contributing factors to will adoption among urban Muslims community in Klang Valley

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ABSTRACT

A will is a financial management instrument after one's death. Majority of Muslims in Malaysia are aware and familiar with the term Islamic 'will'. However, the number of Muslims who write a will is very low. Studies have concluded, the reluctance factors to write a will were due to a) lack of knowledge, b) religious factor and c) financial obligation. Therefore, it is the interest of the researchers to investigate the relationships of these three contributing factors towards will adoption among urban Muslim community in Klang Valley. The paper adopts a quantitative method of research design, which utilises descriptive analysis, correlation analysis and regression analysis to analyse the raw data. The results show all the independent variables have positive relationship with the dependent variable, in particular a strong significant relationship for knowledge. Thus, the paper suggests that any Muslims who are aware and has knowledge should write a will regardless of their age. In addition, writing a will before one's death provides a peace of mind to that person.

1. Introduction

A will is a financial management instrument after one's death. A requirement to write a will can be found in the Holy Quran: "*Prescribed for you when death approaches [any] one of you if he leaves wealth [is that he should make] a bequest for the parents and near relatives according to what is acceptable - a duty upon the righteous*" (Surah Al-Baqarah: 180). An inheritance of a will is allowed to spend some of the deceased wealth on things that he/she desire (Ibrahim et al, 2015). In a will, a donor of the property conveyed his last wish in writing as how his property shall be distributed. The quantum of entitlement in a will can be affected only up to one third of the whole estate of the deceased (Surah An-Nisa: 11 -12) (Salih, 2005; Mohammad, 2015).

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According to BERNAMA news (dated 1.2.2016), there is about RM60 billion worth of unclaimed estates since the Malaysian Independence's day and the figure keeps on increasing from year to year (Mujani, 2012; Shafie et al, 2014). Meanwhile, Alma'amun (2012) alleges that the number of Muslims who write a will is very low although majority of Muslims in Malaysia are aware and familiar with the term Islamic 'will' (Ahmad and Peyman, 2008, Zakiah et al, 2016).

This increasing figure is alarming and the contributing factors that lead to the reluctance in writing a will can be classified into three reasons. Firstly, lack of knowledge and ignorance of the significant of will writing (Mohammad, 2015; Omar, 2009; Mohyin, 2004). Secondly, related to Islamic religion of Faraid system (an Islamic law of succession which is the pillar of the Islamic inheritance system that helps in protecting the heir's right with the prescription of a fixed entitlement of eligible heirs) that most Muslims used in distributing the estate (Ghul et al, 2015). Thirdly, due to financial obligation that prevents a will writing and the high process fee imposed by the will writing providers (Hassan, 2005; Hassan and Yusof, 2006; Fatin and Mohammad, 2011). Hence, the aim of this paper is to investigate the relationships between the three contributing factors of knowledge, religious factor and financial obligation towards will adoption from the perspective of the Urban Muslim Community in Klang Valley, which findings could perhaps benefit the Muslims in future.

2. Literature review

A will in Arabic is known as *Wasiyyah* or wasiat, which originates from Arabic language taken from root word *Wasa, Yasi* which means "connecting" (Mustafa, et al, 1972). Meanwhile, according to Section 2(1) Muslim Will Enactment (Selangor), No 4 (1999), a "will" means an admission made by a person during his lifetime with respect to his properties or benefits thereof, to be carried out for the purpose permissible by the Islamic law, after his death. Therefore, Islamic wealth distribution can be defined as an act of passing on assets through Islamic will and trust. It is also one of the disciplines under the scope of wealth management in Islamic financial market (Ab. Aziz, 2012).

As for the religious factor, many researchers (Ahmad and Peyman, 2008; Dahan et. al., 2012; Alma'amun, 2010) agree that Muslims at large believed writing a will is not necessary since at the end, the estates will be divided according to Faraid. However, Zakiah et al (2016) argue that the abundance of wasiyyah property has been increasing year by year resulting in the accumulation of these properties without proper distribution among the testator's beneficiary. Subsequently, this wasiyyah has become detrimental to the testators' beneficiaries and this has indirectly indicated failure to fully understand the whole concept of Islamic property management via wasiyyah. As reported by Amanah Raya Berhad, Malaysia having a population of 29 million as in May 2016, only 3.2% of the eligible population who possess wills (Yazid, 2016).

The other contributing factor, knowledge, as termed according to Ibrahim (2015), means the basis knowledge on the laws of will and its standings as one of the Islamic rights of inheritance. The basis of making a will in Islam should be in accordance to syarak (Islamic laws). It is crucial how far is the Muslim's understanding on the will and its true functions in managing the deceased's inheritance. As noted by Ahmad and Pyeman, (2008) as well as Ab. Aziz and Nordin, (2015) Muslim community will do their estate planning when there is an intention to make a *Wasiyyah* for the purpose of charity or for no heirs. Thus, in relation to the above statement, Zakiah et al (2016) emphasize that documentation of wasiyyah is among the vital part that needs to be taken into consideration within Muslim's life as this practice could uphold and maintain the established principle in Islam in ensuring the family's welfare is protected.

Some researchers have argued that financial obligations of an individual such as the occurrence of stressful life events like becoming a widow, being diagnosed with cancer, retiring, or the anticipation of such events, were found to be part of the reasons that may motivate the individual to adopt a will (Palmer et al, 2006; Stum, 2000). In addition, older adults who are healthy, educated, rich and are married, are more likely to leave assets or transfer larger amounts of assets to their children (Luc and Christophe, 2012; Nordblom and Ohlsson, 2011). Hence, will can be utilised to manage the current and anticipated stressors financial obligations with major life events.

Hence, the underpinning theory that perhaps relates to will adoption is the Theory of Reasoned Action, the best predictor of human behaviour is the intention to do the thing (Fishbein, 1980). The theory emphasizes two determinants of intentions; person's attitude towards the behaviour and subjective norm. Subjective norm reflects the person's perceptions of social regarding the performance of the behaviour, which can be assumed that one's intention to write will may be affected by the interest of making it as their necessity. Hence, if a Muslim perceived will writing can bring him/her interest and benefit, then there is tendency for that person to prepare a written will. Benefits of peace of mind and better assurance of heirs' life are such determinants in measuring this intention. Meanwhile, subjective norms will have implied on the Muslims responsibility pressure and social influences that will lead to intention to write a will.

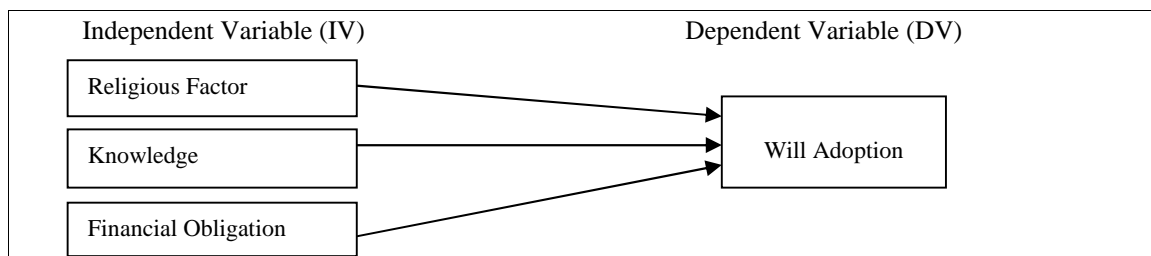


Fig.1.Theoretical framework

Figure 1 illustrates the conceptual framework that depicts the relationships between the IV factors of religion, knowledge and financial obligation, with the DV that is will adoption. Thus, the discussion leads to the following hypotheses:

- H1: There is a relationship between religious factor and will adoption.
- H2: There is a relationship between knowledge and will adoption.
- H3: There is a relationship between financial obligation and will adoption

This basic knowledge of writing a will among the Muslims has encouraged the researchers to know more about its significant and relationships. Subsequent to the above empirical studies, a survey was conducted and the research methodology is discussed in the next section.

3. Research methods

This study adopts a quantitative method of research design, which utilised the survey method via distributions of questionnaires to 150 urban Muslim members of community in Klang Valley. The respondents were selected randomly, with which each element in the population has the equal chance of being selected as a subject to answer the research questions (Sundram et al., 2016). The questionnaires were divided into two sections, which include: in Section A: The respondents' demographic profile and in

Section B: Lists of statements that refer to the three contributing factors of will adoption, religiosity, knowledge and financial obligation. The questions in Section B were established using 7 Likert Scale, which began from 1- Strongly Disagree, 2- Disagree, 3- Slightly Disagree, 4- Average, 5- Slightly Agree, 6- Agree and 7- Strongly Agree.

Data were collected using primary and secondary data methods, which analysis was done via Statistical Package for Social Science (SPSS) software. However, before any fieldworks for the questionnaires to be distributed, a pilot study was executed to test on the reliability and validity of the questions. Hence, the value of Cronbach's Alpha is utilised. The paper used descriptive analysis and frequency analysis to describe the frequency of the respondent's demographic profile. It also utilised correlation analysis and regression analysis to analyse the raw data.

4. Findings and discussions

A reliability analysis was conducted to determine the measure of internal consistency for the measuring items under each independent variable in Table 1.

Table 1. Reliability test

| Variables | Pilot Study Statistics | | Real Reliability N of items |
|----------------------|------------------------|------|--------------------------------|
| Will Adoption | .849 | .604 | 14 |
| Religious factor | .852 | .716 | 10 |
| Knowledge | .868 | .788 | 11 |
| Financial Obligation | .679 | .618 | 9 |
| Overall Reliability | .955 | .890 | 44 |

Results from the pilot study and the actual fieldworks indicate that the data were considered reliable since the amount of Cronbach's Alpha for all the variables (Table 1). Meanwhile, Table 2 shows the results of the descriptive and frequency analysis of the respondents.

Table 2. Respondents' demographic profile

| Item | Frequency | Percentage |
|------------------|-----------|------------|
| Gender: Male | 75 | 50% |
| Female | 75 | 50% |
| Age: 30-39 years | 88 | 58.7% |
| Married | 102 | 86% |
| RM3,000- RM3,999 | 61 | 40.7% |
| Private sector | 91 | 60.7% |
| No children | 61 | 40.7% |
| 1-3 children | 47 | 31.3% |
| Bachelor Degree | 55 | 36.7% |

Table 2 above summarizes the demographic profile of the respondents of urban Muslims community in Klang Valley. The profile shows that the majorities of the respondents are in the middle age and are married. Most of them work with private sectors with an income between RM3,000-RM3,999 per month and have at least a Bachelor Degree qualification. However, only 31.3% of the respondents have about 1-3 children per family.

Table 3. Correlations analysis

| | | Will adoption | Religious factor | Knowledge | Financial obligation |
|---------------|---------------------|----------------------|-------------------------|------------------|-----------------------------|
| Will Adoption | Pearson Correlation | 1 | .653*** | .722** | 0.561** |
| | Sig.(2-tailed) | .000 | .000 | .000 | .000 |

From the correlation analysis in Table 3, indicates that religious factor shows a moderate correlated ($r = 0.653$) or also known to have substantial relationship with will adoption. However, there are high correlation ($r = 0.722$) or marked relationship between will adoption and knowledge. As for financial obligation, there is a moderate correlation ($r = 0.561$) or substantial relationship between the variables. This is perhaps due to their moderate income. Therefore, from all the correlation analysis of the variables, the findings show that knowledge of will adoption has the highest scores followed by religiosity and financial obligation. Thus, knowledge has a stronger relationship on contributing factors to will adoption compared to the other two variables.

Table 4. Regression analysis

| | R | R Square | Adjusted R Square | Std.Error of the Estimate |
|--|-------------------|-----------------|--------------------------|----------------------------------|
| | .761 ^a | .580 | .571 | .3548 |

| | Sum of Squares | df | Mean Square | F | Sig. |
|------------|-----------------------|-----------|--------------------|----------|-------------------|
| Regression | 25.879 | 3 | 8.626 | 67.128 | .000 ^b |
| Residual | 18.762 | 146 | .129 | | |
| Total | 44.641 | 146 | | | |

Likewise, in the regression analysis in Table 4 indicates that the R Square of 0.580 implies that all the independent variables explain 58 percent of the variance in dependent variable. 42 percent of the variance in the independent variables is not explained by the independent variables in this study. This indicates that there are other independent variables which are not included in this study and could further strengthen the regression equation. The F-test is significant based on the value of 0.000. Hence, all independent variables significantly explained dependent variable.

Table 5. Coefficient analysis of all variables

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. (p value) |
|----------------------|------------------------------------|------------------|----------------------------------|----------|-----------------------|
| | B | Std.Error | Beta | | |
| (Constant) | 1.197 | .255 | | 4.484 | .000 |
| Religious factor | .182 | .057 | .246 | 3.176 | .002 |
| Knowledge | .368 | .064 | .456 | 5.721 | .000 |
| Financial obligation | .134 | .057 | .160 | 2.358 | .020 |

Meanwhile, in Table 5 of the coefficient analysis for religious factor, knowledge and financial obligation to will adoption shows that the most influencing independent variable is knowledge with Beta score of 0.456. In contrast, financial obligation has the lowest score obtained by 0.160. The result also shows the all the independent variables has significant p value and positively correlated. Thus, the findings suggested that the analysis accepted hypotheses 1, 2 and 3, where there are significant relationship between religious factor, knowledge and financial obligation with will adoption.

Table 6, Descriptive statistics of will adoption

| | N | Minimum | Maximun | Mean | Std Deviation |
|---|-----|---------|---------|------|---------------|
| I believe after a will adoption, my wealth will be distributed accordingly. | 150 | 3 | 7 | 6.17 | .789 |
| I think writing a will is a waste of time. | 150 | 1 | 7 | 2.15 | 1.308 |
| It is important for me to have a will | 150 | 1 | 7 | 5.99 | .966 |

Meanwhile, the descriptive analysis for the DV indicates that the mean calculated for the dependent variable is 6.17 that shows the respondents' agreement for their wealth to be distributed according to the written will (Table 6). In addition, the mean of 5.99 also indicates that the respondents knew that writing a will is important. Therefore, the respondents disagreed that writing a will is not necessary and waste of time.

Table 7. Descriptive statistics of financial obligation

| Items | N | Minimum | Maximun | Mean | Std Deviation |
|---|-----|---------|---------|------|---------------|
| I believe by writing a will can ease the strain of my family after death. | 150 | 3 | 7 | 6.14 | .890 |
| I know the cost of preparing the will is very expensive. | 150 | 1 | 7 | 6.06 | 1.076 |
| I write a will when I have been diagnosed with disease. | 150 | 1 | 7 | 2.79 | 1.392 |

Meanwhile, in Table 7, the mean of 6.14 shows the respondents agreement that writing a will could assist in releasing some financial constrain for the family that were left behind. Although, to write a will is expensive (mean of 6.06), the respondents disagreed that a will is written when they had been diagnosed with disease (mean of 2.79).

Table 8: Descriptive statistics of knowledge of will adoption

| Items | N | Minimum | Maximun | Mean | Std Deviation |
|--|-----|---------|---------|------|---------------|
| I believe many people are not aware on the importance of a will. | 150 | 4 | 7 | 6.40 | .695 |
| I know I can't make a will on forbidden things. | 150 | 3 | 7 | 6.15 | .918 |
| I do not have the knowledge in writing a will. | 150 | 1 | 7 | 4.05 | 1.768 |
| I do not know how to begin the process of claiming the inheritance | 150 | 2 | 7 | 4.79 | 1.681 |

Table 8 indicates majority of the respondents knew the process of distribution of estate is complicated as well as not aware on the importance of a will (mean of 6.40). However, they know that the basic terms in writing a will is according to Shariah law and the will should not make on forbidden things (6.15). Nevertheless, the result also shows that the respondents lack of knowledge in will writing as well as ignorance of its claim process. However, these latter results represent only a small number of respondents (mean of 4.05 and 4.79).

Table 9. Descriptive statistics of religiosity

| Items | N | Minimum | Maximum | Mean | Std Deviation |
|--|-----|---------|---------|------|---------------|
| I know Islamic will is based in Al Quran and Sunnah. | 150 | 4 | 7 | 6.05 | .780 |
| I know how much is allowed to bequeath. | 150 | 1 | 7 | 4.92 | 1.378 |
| I've learned that Islam encourages us to write a will. | 150 | 3 | 7 | 5.84 | .977 |
| Religion influences my behaviour in adopting a will. | 150 | 1 | 7 | 5.41 | 1.498 |
| I don't think Faraid is the best way in managing my wealth rather than a will. | 150 | 1 | 7 | 3.38 | 1.733 |

Lastly, in Table 9, the mean of 6.05 shows that the respondents knew about Faraid laws and Islamic will is based on Quran and Sunnah. Religion also influences majority of the respondents in adopting a will (5.41) as they learned that Islam encourages will writing (5.84). Hence, they know how much can bequeath (4.92) and the limit. In addition, the study also shows that respondents disagreed that Faraid is not the best way in managing their wealth (3.38) and Faraid laws should be strictly followed by Muslim community.

5. Conclusions and implicatios

The role of a will is crucial as a mechanism to manage the properties of deceased in the Islamic laws. In fact, in the early stage of Islam, a will acts as an instrument to divide inheritance. The law of will remains as a selective mechanism for the Muslims for the purpose of managing some of their properties to be channeled on charity after one's death.

The number of unclaimed assets has increased from year to year. This is perhaps due to complex laws of a country, which may further prolong distribution and vesting of estate planning. Considering the time related in the inefficiency of legal process for execution of wills, the cost of wills may be also higher when will becomes contentious.

The above findings are well defined by all the analysis done including the descriptive analysis on the mean of the DV in Table 6 and in Tables 7, 8 and 9 for the IV. Therefore, in a nutshell, it can be concluded that despite of any financial obligation or religious factor a person must write a will if they are aware and have knowledge about it. Moreover, when they also know that the process of distribution of estate is complicated.

Implications

Although this study only focused on urban Muslim community in Klang Valley, nevertheless, this indicates that many Muslims are aware of the importance of will but they need to be more exposed to the process and the cost of preparing a will. In addition, the implication of making a will could provide peace of mind knowing that the assets will be distributed according to the testator's wishes. Hence, all Muslims should realise that despite the Faraid system which is obligatory for them, they should also be aware with many factors that their rightful beneficiaries must go through before the estates could be distributed among themselves.

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