

NURTURING WAQF-BASED SOCIAL ENTREPRENEURS IN HIGHER LEARNING INSTITUTIONS IN MALAYSIA

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Abstract

Waqf-based entrepreneurship among higher education students has been recognised as a chance to provide benefits to the students in terms of self-employment, creating job opportunities and reducing unemployment among graduates. The literature has adopted different to better understand waqf-based entrepreneurship. However, practitioners and researchers have only focused on conceptual approaches. Even though this literature forms part of the solution in this area of study, it does not represent the problem holistically. Waqf-based entrepreneurship requires an understanding on the functions of waqf as the Islamic endowment. It's provides a structure for understanding the social contexts that have high potential to enhance the ummah's quality of life and well-being. This research examines the effects of demographic factors on the development of waqf-based entrepreneurial intention among Muslim students studying in higher educational institutions in Malaysia. Findings from the binary logistic regression analysis of the survey from 400 Muslim undergraduate students in Malaysia show that age and working experience have significant positive impact on the waqf-based intention. The findings of this research will be of interest to the young and educated entrepreneurs and the waqf donators in order to uplift the country's economy. This study focuses only on the demographic factors and hence, future research should add factors which might have potential impact on the intention.

INTRODUCTION

Waqf linked to entrepreneurship is a prominent issue requiring deep exploration to identify its impact on society. Entrepreneurship significantly affects economic growth, particularly in developing countries and helps determine the growth of contemporary economics. Many economists such as Piltik (2002) when explaining that pro-market government policies have a positive effect on the economic growth of a given country said that the entrepreneurship significantly influenced by market-friendly government policies. Previously, Joseph Schumpeter (1934) in his *The Theory of Economic Development* stated that entrepreneurship causes economic growth by allowing the means of production in society to be used in newer and more efficient combinations. Schumpeter (1934) also claims that entrepreneurship (not merely knowledge) causes technological innovation.

Since the sustainability of entrepreneurship is a complex issue, this study focuses on tertiary students' perceptions on the financial mechanism of waqf in entrepreneurship. Preferably, the financial mechanism should be developed as integral parts of larger development initiatives (such as local economic development programmes), that permit the project to concentrate on investments and impacts within a determined territory to generate social and financial capital networks which have a greater sustainability in the medium term.

Moreover, by using logistic regression analysis and chi-square tests to find the relationship among the significant factors, this study analyses the level of waqf-based entrepreneurship intention among students. It is expected after students accomplished this programme that they will have an entrepreneurial spirit and are keen to create business opportunities rather than staying in a comfort zone. They would be capable of taking part in economic activities and equipped to compete in global economic challenges.

This paper examines the effect of demographic factors affecting the waqf-based entrepreneurial intention among undergraduate students at public and private universities in Malaysia. The next section presents a comprehensive review of the literature addressing the waqf-based entrepreneurial intention of tertiary students in others countries. The consecutive sections introduce the sample of the present study, the methodology, and the estimation results. The final section concludes the discussion of the analysis result and suggests ideas

LITERATURE REVIEW

In Malaysia, most of the prior studies heavily focused on sustaining waqf-based entrepreneurship (Harun et al., 2014), implementing social entrepreneurship via corporate waqf (Zainol et al., 2014), creating waqf entrepreneur (Ali et al., 2015), a suggestion to develop comprehensive waqf business model (N. M. Ali, Rahman, Ahmad, & Mahdzan, 2015) and empowering education using waqf funding (Mahamood & Ab Rahman, 2015; Harun et al., 2014). However, most of the waqf models were developed from Malaysian-based studies and focused mainly on the single factor waqf model (i.e., law model, management model, and financing model); little or no research has developed any comprehensive waqf business or entrepreneur model (N. M. Ali et al., 2015).

Besides Malaysia, Hariadi (n.d) mentioned the recent development of waqf in Indonesia. This study found that waqf-based entrepreneurship practices help in fulfilling the religious requirement through performing various activities and mobilising resources. Hasan (2011) also developed a waqf-based model to apply to Muslim small and medium enterprises (SMEs) in Singapore. Referring to this study, there is an identifiable need to establish businesses in accordance with the tenets of Islam. This was proven by the establishment of the past two co-operatives under the auspices of Yayasan Mendaki Singapore. However, owing to the inexperience and inadequate knowledge of the operation of Islamic financial instruments, this has consequently led to the failure of such co-operatives.

Moreover, Salarzahi et al. (2010) explained that waqf is one of the successful entrepreneurship patterns that require using business skills and entrepreneurial innovation and using the profits to eliminate poverty and achieve social welfare strata. This has been supported by Md Nawi and Che Daud (2016) which stated that synthesising the concept of waqf in social entrepreneurship should be in compliance with the shariah principles. Amuda (2013) also discussed this issue found that the integrating of the charities will help many less privileged Muslims if the charities are managed properly. The institution in charge of *zakat*, *sadaqat*, cash waqf and public funding has to assist needy applicants in securing working capital to run projects successfully. In fact, Mohsin (2013) stated that waqf has potential in financing not only religious areas but also financing different goods and services needed globally, such as education, health, social care and commercial activates, basic infrastructures, besides opening jobs for the majority of people.

According to Mahamood and Ab Rahman (2015), the role of waqf is significant in providing financial assistance to their communities as well as strengthening their academic quality. Waqf has huge potential to help students directly and indirectly. This had been supporting by Harun et al. (2014) who revealed that waqf can be used in financing education and that institutions of higher learning are suitable places to act as waqf centres of excellence. Among the previous studies, Ali et al. (2015) discussed factors determining the quality, durability and high competitive waqf-based entrepreneurship by applying Adapted Structuration Theory (AST). The study found that a waqf-based entrepreneurship framework using AST may contribute significantly in order to produce the structure of waqf-based entrepreneurship that will benefit the students.

According to the literature, waqf is expected to become the new mechanism for mobilising resources to the needy, including students in higher education, especially through entrepreneurship investment. In utilising business skills and entrepreneurial innovation to develop this social funding, waqf will be able to create employment opportunities to develop the socio-economy and at the same time will be able to reduce poverty. Most of the studies on factors influencing waqf-based entrepreneurship are inconclusive and lack exploration from the behavioral approach theories.

The factor determining waqf-based entrepreneurship will be discussed in this study. There is a rapidly growing literature which investigates the entrepreneurial intention among undergraduate and/or graduate students (Talaş, Çelik, & Oral, 2013). Past study indicated that students' entrepreneurial intention may be strongly influenced by demographics (Farashah, 2015; Hwee Nga & Shamuganathan, 2010; Kautonen, Tornikoski, & Kibler, 2011; Lucas & Cooper, 2008; Sandhu, Jain, & Yusof, 2010; Talaş et al., 2013), psychological (Fini, Grimaldi, Marzocchi, & Sobrero, 2009; Paço, Ferreira, Raposo, Rodrigues, & Anabela Dinis, 2015; Peng, Lu, & Kang, 2012; Yusof, Sandhu, & Jain, 2007) or behavioural factors (Botsaris & Vamvaka, 2014; Fini et al., 2009; Fini & Toschi, 2015; Kautonen et al., 2011; Lortie & Castogiovanni, 2015).

Talaş et al. (2013) used demographic variables to relate to entrepreneurial intention. This study found that the current faculty, type of high school and the household income of their family were significant factors influencing the entrepreneurial intention among respondents. The data of this study being obtained were analysed using logistic regression model. The relationship among the significant demographic factors was examined using the relevant chi-square test. In contrast, Mohamed, Rezai, Shamsudin, and Mahmud (2012) revealed a significant relationship between three variables which motivate participants to become agri-entrepreneurs. These were the origins of the participant, the presence of family members already involved in entrepreneurial activities and educational background. This study also used chi-square analysis to determine the relationship between demographic variables towards motivating agri-entrepreneurship among the participants.

METHODOLOGY

A self-administered questionnaire is used for data collection to avoid any influence from the data collection procedure and to achieve greater reliability (Fowler, 2002; Dwivedi et al., 2007). The survey sampled students of higher education. Owing to ethics and regulations, participation was voluntary. Students are mainly full time undergraduates. The study used convenience sampling, which is common in entrepreneurial research (Kolvereid 1996; Tkachev and Kolvereid 1999; Krueger, Reilly, and Carsrud 2000; Fayolle and Gailly 2005; Veciana, Aponte, and Urbano 2005). Moreover, university students are found to have high potential to start up business (Bosma et al., 2008). The questionnaire was administered during the class with the permission of the faculty. 400 questionnaires were distributed.

The data are obtained from the survey on undergraduate student's population in universities in Malaysia. During the data collection period, the total number of undergraduate students was estimated at 47, 300 (Ministry of Education Malaysia, 2014) which represents the student population in Melaka. These included

local and international students. With this huge number of students, the study decided to focus only on students in Melaka. The large number of universities student in Melaka is considered a good sample to represent the whole population of universities students in Malaysia.

The large number of a university student in Melaka is able to represent university students throughout Malaysia. The sample size of the questionnaire was calculated with respect to Yamane's formula (Yamane, 1967). The formula explains that n is the sample size, N is the population size, and e is the level of precision. Therefore, in this study, N refer to 47, 300 students. 95% confidence levels are assumed in this study. In a normal distribution, approximately 95% of the sample values are within two standard deviations of the true population value (Israel, 1992: Yamane, 1967). This means that if a 95% confidence level is selected in this study, 95 out of 100 samples will have the true population value. Therefore, the error (e) will be 5% or 0.05. The estimated sample size was 397 students out of a total of 47, 300 students.

RESULT AND DISCUSSION

As shown in Table 1, due to a better observation on the relevant categories, all independent variables were coded as dummy variables. Table 1 and figure 1 introduces the dependent and independent variables used in the model. The dependent variable comprises the responses of low-high intent question such as "I have the intention to start up a waqf-based entrepreneurship in the future". A binary logistic regression model was performed to analyse the underlying data. As shown in Table 1, due to having a better observation on the relevant categories, all independent variables were coded as dummy variables.

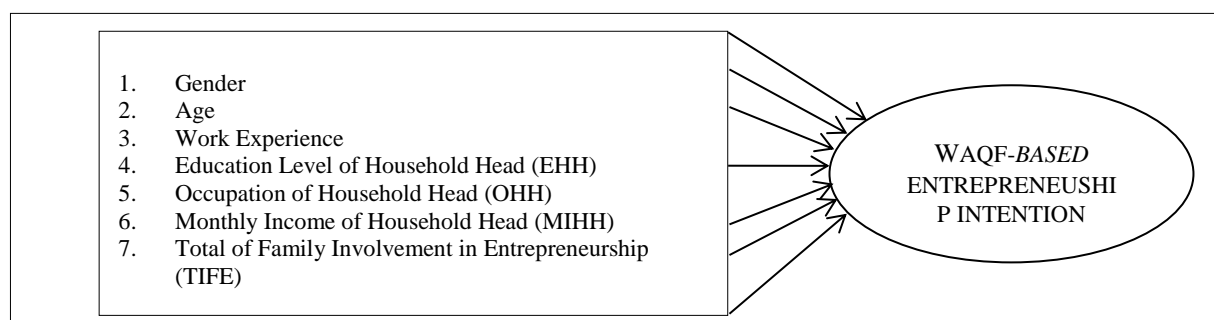


Figure 1: Summary of the relationship between Waqf-based entrepreneurship (WBE) intention and all independent variables

Table 1: Description of variables used in the model.

No	Variable	Description	Mean	S.D
1	WBE Intention	(High intent= 1; low intent = 0)	.71	.453
2	Age	18 – 19 years= 1; Otherwise = 0	.19	.395
		20 – 21 years = 1; Otherwise = 0	.56	.497
		22 – 23 years = 1; Otherwise = 0	.25	.434
3	Work Experience	None experience = 1; Otherwise = 0	.69	.465
		1 years = 1; Otherwise = 0	.13	.331
		2 years = 1; Otherwise = 0	.12	.319
		3 years and above = 1; Otherwise = 0	.04	.184
4	Education Level of Household Head (EHH)	Primary= 1; Otherwise = 0	.07	.260
		Secondary= 1; Otherwise = 0	.49	.501
		Tertiary = 1; Otherwise = 0	.41	.492

5	Occupation of Household Head (OHH)	Private= 1; Otherwise = 0	.35	.478
		Government= 1; Otherwise = 0	.27	.446
		Business= 1; Otherwise = 0	.18	.387
		Unemployment= 1; Otherwise = 0	.09	.290
		Others = 1; Otherwise = 0	.10	.297
6	Monthly Income of Household Head (MIHH)	Below 1000= 1; Otherwise = 0	.25	.432
		1001-2000= 1; Otherwise = 0	.25	.435
		2001-3000= 1; Otherwise = 0	.13	.334
		3001 and above = 1; Otherwise = 0	.12	.328
7	Total of Family Involvement in Entrepreneurship (TIFE)	None= 1; Otherwise = 0	.39	.489
		1 person= 1; Otherwise = 0	.23	.423
		2 persons= 1; Otherwise = 0	.14	.347
		3 persons= 1; Otherwise = 0	.11	.310
		4 persons and above= 1; Otherwise = 0	.11	.313

Table 2 presents the frequencies of independent variables used in the model being fitted. As Table 2 depicts, more than half of the respondents were female (70%) compared to male students who were only 29.8%. There are 285 students (71.3%) has a high level of intention to join waqf-based entrepreneurship and the rest has a low intention (28.8%).

Table 2: Frequencies of independent variables used in the model

Variable	<i>f</i>	%	Variable	<i>f</i>	%
Gender			WBE Intention		
Female	281	70.3	High intention	285	71.3
Male	119	29.8	Low intention	115	28.8

Table 3 indicates the logistic regression analysis to examine the entrepreneurial intention among undergraduate students. The findings shows that students whose the age range 18 years to 19 years was 2.090 times (95% C.I. 1.044 and 4.187) more likely intended to be an entrepreneur than those students whose 22 years and above. Out of the total respondents (N=400), 77 respondents (19.3 %) are of 18 to 19 years old and 323 respondents (69.3%) are of 20-21 years old. The rest of respondent are at the age of 22 years and older (25%). This finding is consistent with the past study by Nonato, Leal, and Rocha, (2014) who stated that age has the significant relationship with entrepreneurship. The results indicated that the age variable explains the variability of this construct. In fact, students who are younger or in the early entering higher learning institution are likely to have higher the inclination towards entrepreneurship than older students (Brownson, 2014).

Table 3: Binary Logistic Regression Result for the Effects of Demographic Variables on the Waqf-based Entrepreneurial Intention among Students

Variable	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
							Lower	Upper
GENDER	.056	.267	.043	1	.835	1.057	.626	1.785
AGE								
18 – 19 years	.737	.354	4.328	1	.037	2.090	1.044	4.187
20 – 21 years	.531	.276	3.714	1	.054	1.701	.991	2.921

WORK EXPERIENCE								
None experience	.488	.656	.554	1	.457	1.629	.451	5.887
1 years	1.048	.736	2.030	1	.154	2.852	.675	12.057
2 years	1.089	.740	2.164	1	.141	2.971	.696	12.675
3 years	2.549	1.234	4.267	1	.039	12.799	1.139	143.784
EHH								
Primary	-.183	.745	.060	1	.806	.833	.193	3.588
Secondary	.399	.631	.400	1	.527	1.490	.433	5.127
Tertiary	-.160	.654	.060	1	.806	.852	.236	3.069
OHH								
Private	-.071	.436	.027	1	.871	.931	.396	2.191
Government	.365	.450	.658	1	.417	1.441	.596	3.482
Business	-.498	.465	1.149	1	.284	.608	.244	1.511
Unemployment	-.007	.526	.000	1	.989	.993	.354	2.783
MHH								
Below 1000	-.034	.359	.009	1	.925	.967	.479	1.953
1001-2000	-.084	.355	.056	1	.814	.920	.459	1.844
2001-3000	.311	.442	.496	1	.481	1.365	.574	3.242
3001 and above	-.500	.389	1.656	1	.198	.606	.283	1.299
TIFE								
None	.601	.826	.529	1	.467	1.823	.362	9.196
1 person	.515	.837	.379	1	.538	1.674	.324	8.642
2 persons	1.200	.874	1.885	1	.170	3.320	.599	18.409
3 persons	.869	.881	.973	1	.324	2.384	.424	13.396
4 persons	.995	.884	1.265	1	.261	2.704	.478	15.304
Constant	-.920	1.314	.491	1	.484	.398		

Note: Education Level of Household Head (EHH), Occupation of Household Head (OHH), Monthly Income of Household Head (MIHH) and Total of Family Involvement in Entrepreneurship (TIFE)

Table 3 also revealed that students that obtained more work experience tend to become more interest in entrepreneurship 12.799 times likely (95% CI 1.139 and 143.784). This has supported by the past study by Basu and Virick, (2008). The result shows that experience is important in determining student intention in involving in entrepreneurship activities. Regarding the work experience among respondents, 274 (68.5%) has no experience, 50 (12.5%) students have experienced below 1 year and the rest of student has more than 3 years' experiences. This implies that students who have had direct experience of starting their own business have a more favorable attitude toward an entrepreneurial career and are more confident in their own ability to repeat that behavior (Basu & Virick, 2008). Besides, monthly income of household head within RM 3001, 00 and above were 0.606 times (95% CI .283 and 1.299) less likely intended to be an entrepreneur than those whose family has low monthly income.

CONCLUSION

In Islam, waqf is well known as a tool to help people who are in need of money. Many students have entrepreneurship skills, but they might have limited finances to operate their own business. Thus, it is important to identify the factors which can influence the undergraduate students to secure financial assistance from waqf in order to start their businesses. In this study, only the demographic factors are examined, and the findings from the binary logistic regression analysis show that age and working experience of fewer than three years have a positive and significant impact on the waqf-based entrepreneurship. It is recommended to use this study as a stepping stone for future research by examining

the public perception and readiness of the management of the waqf institutions to provide the necessary financial assistance to the entrepreneurs.

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