UNIVERSITI TEKNOLOGI MARA

MODELLING *MUSYARAKAH* INVESTMENT OF *n* PARTIES FOR WAQF INSTITUTION

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ABSTRACT

Waqf lands have great potential for development but unfortunately waqf institutions do not have enough fund to develop waqf lands. One way to raise the fund is by gathering capital by capital providers and this capital can be invested to generate profits. This capital can be invested using *musyarakah* model. *Musyarakah* model is the agreement between partnership that will share capital and profit together through the business of joint venture. Part of the profit gain from the investment will be contributed to waqf institutions. This study develops the *musyarakah* model for n parties which is the extended of the model for three parties that has been developed by Nurul (2015). The mathematical concept involved in calculating the profit based on *musyarakah* model are matrix theory, matrix exponential and Cayley-Hamilton Theorem. Maple 18 software is used to calculate determinant and to solve system of equation in matrix form. The calculator for calculating profit was *musyarakah* model for n parties was developed so that any user without mathematical background will still be able to calculate the profit gain and the amount of contribution to waqf institutions from the profit gained by the capital providers. This idea of gathering fund can also be used by other non profit organization.

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CHAPTER ONE

INTRODUCTION

This chapter discusses about the background of study, problem statement, research objectives, scope and limitation and the significance of the study.

1.1   BACKGROUND OF STUDY

Waqf is the process when people dedicate his or her property for charity proposes for the beneficial of other people (Sait & Lim, 2006). In English the word waqf means 'endowment' but in Arabic language it means 'stop' (Pitchay, Meerab & Saleemc, 2014). Generally waqf are divided into two sections which are Family Waqf and Welfare Waqf. Family Waqf will benefit family members while Welfare Waqf will benefit other Muslims. Welfare Waqf include donating land for mosque, religious school and cemeteries.

Based on the Islamic history, Quba's mosque in Madinah is the first mosque that is build on a waqf land. The history also state that three-quarters of Arab lands are waqf lands. In Egypt, Al-Azhar Waqf is the most successful agency. Al-Azhar Waqf is believed to have lots of assets and it is able to finance a variety of programs for the development of Islam in Egyptian society, such as schools, hospitals, universities and so on. Al-Azhar University is an institution of Islamic education that was funded entirely through waqf, which has tens of thousands of students from around the world. Waqf have help or contribute to the society, not just only for religious activities but also for other things like infrastructure development, health service, helping poor people and others (Kahf, 2010). One of the *Hadith* relating to *waqf* is

> Ibn Umar reported: *"Umar acquired a land at Khaibar. He came to Allah's Apostle (may peace be upon him) and sought his advice in regard to it. He said: Allah's Messenger, I have acquired land in Khaibar. I have never acquired property more valuable for me than this, so what do you command me to do with it? Thereupon he (Allah's Apostle) said: If you like, you may keep the corpus intact and give its produce as Sadaqa. So 'Umar gave it as Sadaqa declaring that property must not be sold or inherited or given away as gift. And Umar devoted*

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