

***Waqf* as a Tool for Rendering Social Welfare Services in the Social Entrepreneurship Context**

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Abstract

The concept of Islamic entrepreneurship centers on ensuring community well-being as the priority, which is one of the important objectives (*Maqasid*) of the Islamic *Shari'ah*. Historically, *waqf* played a significant role in the Islamic economic system, particularly in rendering exemplary welfare services in the areas of healthcare, education, social welfare, environmental, and other community-based programs. However, only a few success stories in recent history have institutionally utilized the properties of *waqf* under proper management to achieve its substantial objectives. This study uses the literature review as basis to analyze the reasons behind the successful utilization of *waqf* as an effective tool to ensure social welfare services in the past, as well as how this model can be replicated by considering current contexts. This study will assist Islamic value-centric entrepreneurs, regulatory authorities, investors, and researchers to gain an overall insight into the potentials of *waqf* as a tool for rendering commendable social welfare services.

Keywords: *waqf*; Islamic entrepreneurship; social entrepreneurship; social welfare; third-sector economy.

Introduction

Adam Smith, the father of modern economics, defined the discipline as a subject that involves the effective utilization of society's resources for the well-being of mankind (Smith, 1937). Since then, this discipline has grown and thrived tremendously to achieve the fundamental goal of ensuring the well-being of mankind. Its disciplinary development has been pursued through two ideologically and operationally different dominant modes, namely, the market (private sector) and state (public sector) economic systems. An individual is assumed to know what is best for himself/herself; thus, the private sector economy relies on methodological individualism and "maximization of profit" for individuals to ensure cumulative social well-being by facilitating the well-being of its individual members (Hillebrandt, 1985). Moreover, maximizing the individual's well-

being with the objective of maximizing society's collective well-being places the former's benefit at the center; this idea is based on free market competition that follows the Darwinist social philosophy of "survival of the fittest" (Pirson and Lawrence, 2010). By contrast, the public sector economy relies on the philosophy that society knows what is best for it collectively and for all its elements individually. Accordingly, when society maximizes its benefits, it necessarily maximizes the individual member's benefit as well. By maximizing society's well-being to maximize that of individuals, society is methodologically placed at the center (Kazemian and Mohd-Sanusi, 2015; Bailey and Bailey 1995). The strengths and limitations of these two systems eventually made them determine their respective strong places to play their roles in the different sectors of the mainstream economy (Molla and Alam, 2011, 2013).

However, the private and public sector economies, popularly called the first and second sector economies, respectively, have been determined incapable and inadequate in ensuring the well-being of nations and societies (Iskandar, Bukit, & Sanusi, 2012; Shirley and Walsh, 2000). To compensate for the deficiencies of these two systems, several non-conventional approaches, which are collectively called the third sector economy (e.g., cooperatives and social enterprises, social cum microfinance enterprises, social business, and public-private partnership projects, among others), have been moved and promoted to ensure the well-being of mankind in an organic manner (Molla and Alam, 2011, 2013). Given the disappointing outcomes of the two dominant economic models, the third sector economy is highly expected to play an important and dominant role in poverty alleviation and economic growth in the near future. Stiglitz (2009) noted that a new balance needs to be struck among governments, markets, and other players, including not-for-profits and cooperatives, to establish a plural economic system with several pillars.

Within the third sector, social entrepreneurship, which comprises the non-profit and for-profit enterprises, is one of the major forms of operations. These entities are "social mission-driven" organizations that apply market-based business approaches to serve several social needs and ensure their own economic sustainability (Defourny, Borzaga, and Defourny, 2001). The main philosophy of social entrepreneurship may be interpreted as running any for-profit or non-profit organization to achieve several philanthropic goals by applying capitalistic principles (Borzaga and Santuari, 2003). Social entrepreneurship is not outright a charity function; however, it is based on the principle that can be described as "doing charity by doing trade" rather than "doing charity while doing trade" (Molla and Alam, 2011, 2013).

Entrepreneurs in the Islamic mold are guided by Islamic etiquettes (ethics) in their search for how to best serve the cause of mankind. The motivating factor for these entrepreneurs is the well-being of mankind and the pleasure of Allah, the Creator. Given that community well-being is the priority for an Islamic value-centric entrepreneur, the concept of Islamic entrepreneurship fits substantially into the third sector economic model structure. Consequently, this third sector economic model can grow and expand to its required size by applying the principles of Islamic value-centric entrepreneurship, thereby enabling it to determine numerous similar business entities that operate in the mainstream and emerging sectors of the economy. However, most entrepreneurs in many countries may currently lack Islamic conviction and spirituality. In particular, entrepreneurs in the majority of non-Muslim cannot be expected to completely conform to Islamic norms with regard to the religious and material aspects of entrepreneurship; thus, they cannot reasonably be called fully Islamic entrepreneurs (Darus, Sawani, Mohamed Zain, and Janggu, 2014; Molla and Alam, 2011, 2013). Under these circumstances, if an enterprise completely conforms to all the material aspects of Islamic entrepreneurship and its community-centric

spirit, such enterprise may be loosely called an Islamic style enterprise even though it may not fully conform to all the ethics of Islamic entrepreneurship. Output maximization, profit maximization, and employee benefits, among others, are subject to community well-being considerations in an Islamic style enterprise, where shareholders' profits and employee benefits are considered residual matters. Therefore, this mode of entrepreneurship may be the most suitable and beneficial for the successful operation of a social business, which aims to seek development with social justice, particularly in developing countries. The unique ethical and motivational structure of Islamic entrepreneurship prioritizes community considerations over the individual benefits of other agents. Similar to the motives of social enterprises/businesses, Islamic entrepreneurship places the community as the primary stakeholder of the output of any entrepreneurial action (Kasim and Mohd-Sanus, 2013; Azid, Asutay, and Burki, 2007).

Waqf is a unique system of philanthropy recommended in Islam (Zuki, 2012; Salarzahi, Armesh, and Nikbin, 2010; Çizakça, 2000) that is substantially suited with the concept of the third sector economy. Historically, *waqf* played a significant role in the Islamic economic system in rendering exemplary social welfare services (Nadzri and Aida, 2009; Kahf, 2003; Abuarqub and Phillips, 2009, Mohd Iskandar, Nelly Sari, Mohd-Sanus, & Anugerah, 2012). In the modern contexts, many scopes for utilizing the properties of *waqf*, apart from opening the doors of social entrepreneurship, are available to achieve its significant objectives. The current study attempts to look at the reasons behind the successful utilization of *waqf* as an effective tool to ensure social welfare services in the past, as well as how this model can be replicated by considering current contexts.

Literature Review

Islamic Economic Philosophy of Social Entrepreneurship

The Islamic economic system is founded on the principle of the realization of *Maqasid al-Shari'ah* (goals and intents of *Shari'ah*) rather than profit maximization (Dusuki and Bouheraoua, 2011). This system differs from all other existing economic systems by an "ethical factor." This difference is fundamental because ethics characterizes (epitomizes) the common values of a society and determines the preference structures of the members of such society. The Islamic ethical system is balanced, fair, just, and benevolent, as well as seeks to respect the rights of primary and derivative stakeholders without allowing any exploitation, nepotism, and other human ills. Islam advocates a tiered, multi-fiduciary stakeholder approach to enable various stakeholders of a business to receive in proportion to their inputs. The responsibility of each stakeholder is morally anchored because it is based on the concepts of trust, equity, balance, fairness, benevolence, and excellence (Hassan and Shahid, 2010).

The well-being of all human beings, that is, the fulfilment of the material and spiritual aspects of their needs, is the principal objective and goal of Islam because of its considerable commitment to justice and brotherhood (Chapra, 1993, pp. 6–7). Therefore, instead of mere maximization of the total output, the goal of a Muslim society should be the maximization of outputs accompanied by initiatives that are directed to ensure the spiritual health of its members. Moreover, an economic development should be considered realized only when the following results are achieved: need-fulfilment for all, equitable distribution of income and wealth, full employment, and environmental protection. Given that the Islamic economic system is founded on the *Maqasid* and goal-oriented principle rather than profit maximization, ethics dominates economics in Islam and not the other way around. Hence, the Islamic system differs from all other

economic systems by an “ethical factor” (Naqvi, 1981, pp. 12–18), which is *Maqasid* based in all sphere. This deep-seated difference in value has a substantial impact on the ground because ethics epitomizes the common values of any particular society, thereby defining the preference structures of its individual members. Given that ethics dictates the tone of economics in the Islamic discourse, economics and ethics cannot run parallel and independently to each other in this system. On the contrary, economic behavior in the Islamic discourse is derived from the ethical norms of Islam to ensure the well-being of the individual members of a society. This ethics-based system aspires to establish a just and balanced social system, that is, “a social environment that brings a sense of community and fellowship in human relationships.” This system recognizes and respects the dignity and equitable treatment of human beings, establishes social justice, and strikes a balance between utilization of technology and preservation of the natural environment. Economic growth and prosperity achieved through the “efficient allocation of resources” alone is insufficient to attain such a balanced and harmonized social environment. Hence, this system supports Myrdal’s view of economic development as an upward movement of the entire social system. That is, growth accompanied by a positive change in the redistribution of income of the lower income groups to avoid economic dualism. However, the Islamic discourse considers economic development as one of the many elements of social well-being because it contributes to the upliftment of the members of a society in the spiritual, material, and social spheres. The Islamic philosophy of entrepreneurship aspires to expand beneficial production for the benefit of the human community and enhance the quality of life, thereby enabling the enjoyment of basic necessities and reasonable amount of luxuries without indulging in extravagance (Molla et al., 1988, pp. 199–200).

The Islamic economic system recognizes two obligatory and voluntary mechanisms

in the distribution of income and wealth: (1) functional distribution of income and wealth and (2) income (re)distribution through transfer payment institutions (Pryor, 1985). The first mechanism conducts the distribution through market mechanism, whereas the second implements the distribution through various instruments, such as *zakah*, *infaq*, *sadaqah*, and *waqf* (Tohirin, 2010). Given that *waqf* in Islam is a socio-religious and public welfare system, it can be used as a tool for social- and community-based services.

By contrast, a social enterprise/business is a “cause-driven” entrepreneurship that applies commercial strategies to maximize improvements in human well-being rather than maximize profits (Huybrechts and Nicholls, 2012). By definition, a social business allows investors to recoup the amount of money invested over a certain amount of time but does not allow them to take any dividend beyond that point. The reason is that the sole purpose behind a social enterprise’s existence is supposed to be achieving at least one social objective(s) through its own operation. In reality, social enterprises are “social mission driven” organizations that comprise for-profit and non-profit enterprises and apply market-based business approach in their operations to achieve social objectives (Austin, Stevenson, and Wei-Skillern, 2006).

Social business is a new paradigm and is expected to fill in the gap of the public and private sectors to achieve their socio-economic goals. This type of business also resembles the Islamic economic system because community benefits, rather than individual benefits, are the prime motive.

Concepts of Waqf

In Islamic terminology, *waqf* refers to the act of holding a property and preserving it so that its fruits, revenues, or usufructs are used exclusively for the benefit of an objective of righteousness while prohibiting any of its use or disposition outside its specific objective (Kahf,

2012a). *Waqf* is a form of continuous charity (*Sadaqah Jariah*). It refers to the gift of money, property, or other items of charity, which has been held and preserved for the confined benefit of certain philanthropy (Sadeq, 2002; Salarzehi, Armesh, and Nikbin, 2010). *Waqf* is created by giving away an asset that has the feature of perpetuity on a permanent basis (Ismail, 2013). The rewards for this type of charity continue even after the donor's death, that is, for as long as the society continues to benefit from the *waqf* (Krafess, 2005). The *waqf* property is prohibited from being used or disposed of outside of the specific purpose for which it is held (Hassan and Shahid, 2010). Given that the definition of *waqf* implies a perpetual nature, this act applies to non-perishable properties, the benefits of which can be extracted without consuming the property itself (Assi, 2008). This type of property includes real estate, stocks, cash money, and books, among others.

Waqf is an Arabic word that literally means "Al-habsu wal Man'u" (to hold and to prevent). *Waqf* is considered a permanent *Infaq fi sabilillah* (spending for the cause of Allah). *Infaq* is mentioned several times in the Quran, which are proof on *waqf*, in the following passages.

"By no means shall you attain piety, 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)

"They ask you (O Muhammad), what they should spend, Say: Whatever you spend of wealth must be for parents and kindred and orphans and the needy and the wayfarer; and whatever you do of good deeds, truly Allah knows it well." (Al-Quran 2:215)

"O you who believed, spend of the good things which you have lawfully earned." (Al-Quran 2:267)

Sunnah is also substantially specific in describing *waqf*. The Muhammad, peace and

blessings of Allah be upon him, emphasized on the charity and dedication of one's wealth in anticipation of earning its reward in perpetuity by saying the following words: "When a person dies, all his good deeds ceases except three: the establishment of continuous welfare, the benefitting knowledge and the pious children who will pray for them" (At-Tirmizi). To set examples, the Messenger of Allah, peace and blessings of Allah be upon him, built a social infrastructure based on *waqf* and encouraged his companions to make *waqf* (Darus, Mad, and Yusoff, 2014; Mahmud and Shah, 2010).

In economic terms, *waqf* can be explained as diverting resources from consumption and investing them in productive assets that provide either usufructs or revenues for future consumption by individuals or groups of individuals. The surplus income of *waqf* can be placed into operation that combines the acts of saving and investment. It consists of taking certain resources off consumption and simultaneously placing them in the form of productive assets that increase the accumulation of capital in the economy to increase the future output of services and incomes (Lahsasna, 2010).

Results & Discussion

Categories and Management of Waqf

Before the advent of Islam, *waqf* was a religious exercise when a rich person used to donate a property to the temple, thereby enabling the monks to benefit from it in the form of temple expenses, helping the poor and destitute, or even for religious educational purposes (Allam, 2008). However, the history of Islam suggests that since the era of the Prophet Muhammad, peace and blessings of Allah be upon him, the Islamic concept of *waqf* has been one of civil societal institution. Islamic historians suggest that the first *waqf* in history was the sacred site of the Ka'bah in Makkah because the Quran (3:96) mentions that it is the first house ever built for worshipping God (Kahf, 2012a).

In the recorded history of the Prophet Muhammad, peace and blessings of Allah be upon him, the first known *waqf* was the mosque of Quba on the outskirts of Madinah, which was built in 622 upon the Prophet's migration from Makkah to Madinah. The Prophet's Mosque was built six months later in the center of Madinah. Both mosques are examples of *religious waqf* (Kahf, 2012a), which refers to any real estate or asset confined for providing revenue to be spent on the maintenance and other expenses of religious institutions. Religious *waqf* immensely contributes to the social welfare of a community because it assists to satisfy the religious needs of the people and substantially reduces the burdens of cost from the shoulders of the future generations.

Philanthropic waqf, which aims to support the downtrodden segment of society, is the second category of *waqf*. Any activity that is of interest to the well-being of the community (e.g., construction and maintenance of public utilities, helping the poor and needy, providing and facilitating education and research, providing healthcare services, financing small businesses, even caring for animals) is under the jurisdiction of this category. Precedents of philanthropic *waqf* are evident during the lifetime of the Prophet Muhammad, peace and blessings of Allah be upon him. When the Prophet and his companions migrated from Makkah to Madinah to escape persecution on account of their religion, drinking water was scarce in Madinah. Consequently, the people had to pay a high price for drinking water, which was beyond the means of many of these poor migrants to the city. The Prophet, peace and blessings of Allah be upon him, witnessed this ordeal of the people and called on them to purchase the well and make it into a *waqf* so they may have free access to drinking water. `Uthman ibn `Affan purchased the well and assigned it as a *waqf* as per the guidelines of the Prophet, peace and blessings of Allah be upon him. In the fourth year of the Islamic calendar, the Prophet, peace and blessings of Allah be upon him, took hold of an orchard, which was willed to him by one

of his companions, made its outputs a *waqf* after meeting his household expenses from it. `Umar ibn al-Khattab also followed this example of the Prophet, peace and blessings of Allah be upon him, by assigning his palm orchard of Khaibar as a *waqf* for the poor and the needy as per the advice of the Prophet. By the time the Prophet, peace and blessings of Allah be upon him, died, many of his companions followed suit by making a portion of their properties as philanthropic *waqf* (Kahf 2012a).

A third category of *waqf*, *posterity or family waqf*, started during the reign of `Umar ibn Al-Khattab, the second successor of the Prophet, peace and blessings of Allah be upon him. When `Umar was about to document his *waqf* of Khaibar in writing, he invited few companions of the Prophet as witnesses. When the news broke out, many real estate owners assigned several portions of their properties as *waqf*. However, a few of them provided a condition that a certain portion of their fruits and revenues must be assigned for their own children and descendants and the remaining portion should be spent as *waqf*.

A property should have the following characteristics to be considered a *waqf*.

1. *Perpetuity*: Once a property is dedicated as a *waqf*, it retains its *waqf* characteristic of perpetuity. Islamic jurists have laid down several difficult and lengthy procedures to eliminate the *waqf* status off a property. They stipulate that a *waqf* property can be exchanged for another property of equivalent value, which should yield the equal benefits for its initial intended objectives, provided that it is approved by a local court. Once the exchange of the property is completed following these rigorous procedures, the new property must be dedicated for the same purpose and for the benefits of the same group of beneficiaries as the previous one.
2. *Permanence of stipulations of the waqf founder*: *Waqf* is a voluntary act of charity by

an individual or a group of individuals from their own properties with a few stipulated specific conditions. These conditions should be followed to the letter as long as they comply with *Shari'ah* rulings. Consequently, a *waqf* property should be exclusively used for the purpose for which it was made a *waqf* by the founders. Islamic jurists stipulate that no management, supervisory authority, or court has any right to change the conditions stipulated by the founders as long as it can be feasibly executed. However, if a *waqf* project becomes infeasible over a period of time for several valid reasons, then the revenues and fruits should be spent on a closer purpose available. Otherwise, such revenues should be spent on the poor and needy because they are supposed to be the default beneficiaries of *waqf* unless specified otherwise. The purpose, revenue distribution, management structure, supervisory authority, and all other stipulations by the founders are classified as permanence of stipulations (Kahf, 2012a).

In Islam, *waqf* is a civil institution, which has its own legal frameworks, documentation of objectives, regulations for management, and stipulations for beneficiaries, instead of a religious one. This classification provides the founders complete freedom to determine its management, usage, and distribution within the confines of *Shari'ah*, thereby leaving no room for the religious hierarchy to tamper with it. Historically, these stringent conditions of the property management of *waqf* left no room for the Imams, preachers, or other religious leaders to make any decision regarding a *waqf* property based on their own preferences. Consequently, *waqf* was institutionalized as a civic charity organization that was able to serve society in general to fulfil its numerous needs in a sustainable manner (Kahf, 2012a). In addition, the civic organization nature of *waqf* contributed positively to expand its scopes beyond religious activities, that is, by covering education, public utility services, and other areas of social services.

As per Islamic jurisprudence, the *waqf* founder has the complete freedom to determine the management structure of his/her *waqf*. The custodian of the *waqf* property, often known as mutawalli, nazir, or qayyim, is responsible for managing and administering the *waqf* property for the best interest of its beneficiaries. Apart from preserving the property, the mutawalli is responsible for maximizing the revenues from the property for the benefit of its intended beneficiaries. The mutawalli is compensated for his services based on the provisions of the *waqf* document. If no mention of compensation for the mutawalli is included in the document, then he/she may either volunteer for the *waqf* or may seek an allotment of compensation from the court. Appointment of the custodians by the *waqf* founders implies that every *waqf* estate/property should have its own autonomous management (Kahf, 2012a).

Roles of Waqf in Providing Social Welfare Services

Waqf has been legislated to establish various social- and community-based services in Muslim society. It has diversified benefits and roles (Intisar, 2007). *Waqf* has good contributions in the field of the necessary items of *Shari'ah* (*Al-Hajiyyaat*). One of the significant objectives of *waqf* is to cover the necessities of various types of people (i.e., poor, needy, sick, travellers, widows, and students, among others). Apart from serving the essential needs, *waqf* successfully generates employment scopes through its various activities. In the field of *Shari'ah*-approved embellishments (*Al-Tahsiniyyat*), *waqf* has a good access in playing successful roles in managing and organizing *waqf*-based concerns, particularly those that are business-oriented. In this manner, the *waqf* activities can promote development in various sectors, such as the local economy, industrial sector, and other financial sectors. Moreover, *waqf* has played an immense role in the field of the protection of the five essentials (*Al-Daruriyyat al-Khams*): protection of the religion and religious activities; protection of life on the essentials; protection of

the human intellect with sound and harmonious development of mind, body, and soul through educational services; protection of orphans and widows; and protection of wealth and reallocation of wealth and income through economic and financial activities.

The permanent nature of *waqf* results in the accumulation of the *waqf* properties. These properties are devoted to provide capital assets that produce an ever-increasing flow of revenues/usufructs to serve its objectives in diversified fields that support widespread social welfare activities. Certain historical experiences should clarify how *waqf* can contribute to the welfare and sustainable development of a society. The archived registers of *waqf* in Jerusalem, Istanbul, Cairo, and other major Muslim cities indicate that the lands of *waqf* were used to cover a considerable proportion of the total cultivated areas in the Muslim territories. For example, a survey conducted in Egypt in 1812 and 1813 indicated that *waqf* represented 600,000 feddan out of a total cultivated land of 2.5 million feddan. In Algeria, there were 543 *waqf* deeds in 1841 for the benefit of the grand mosque of the capital Algiers. In Turkey, approximately one-third of the lands were *waqf*. In Palestine, 233 *waqf* deeds contained 890 properties in the middle of the 16th century as opposed to 92 private ownership deeds that contain 108 properties (Kahf, 2012b). Under normal productivity assumptions, these properties alone are sufficient to provide huge amounts of revenues for benevolent activities and to raise the quality of life in each of these countries.

With regard to the spending of *waqf* revenues, spending on mosques, particularly in the form of payment of salaries for imams, teachers and preachers, and carpeting, cleaning, water supply and oil for the lights, was the most frequently used purpose. This independent source of financing enabled religious leaders and preachers to take positions in various social and political issues independent of that of the ruling class. This situation is the reason why the French colonial authority took control of the

waqf properties of Algeria upon their occupation of the land in 1831, that is, to suppress the religious leaders who rebelled against the occupation (Kahf, 2012b).

Although religious education used to be covered by *waqf* on mosques, general education used to be the second largest recipient of *waqf* benefits. Apart from receiving *waqf* revenues since the beginning of Islam in the early seventh century, education also used to attract funds from other voluntary charities. For government-financed education projects, schools were often constructed and then certain properties were assigned as *waqf* for spending on it, such as the *waqf* during the Ayubite (1171–1249) and Mamalik (1249–1517) eras in Palestine and Egypt, respectively. Historical sources indicate that 64 schools funded by the *waqf* properties located in Palestine, Turkey, and Syria were disseminating education in Jerusalem at the beginning of the 20th century, of which 40 schools were made *waqf* by the Ayubite and Mamalik rulers and governors. The university of Al-Azhar, which was founded in Cairo in 972, also used to be financed by *waqf* revenues until the government of Egypt took control of this property in 1812. In the early years of the Islamic empire, educational projects financed by *waqf* properties often covered books, libraries, salaries for teachers, and other relevant personnel and stipends for students. This independent approach of financing for education facilitated the creation of an educated class beyond the rich and ruling class of society. At times, the majority of Muslim scholars used to come from the downtrodden segments of society. This situation created an extremely significant process of dynamic social change in Muslim society that was unprecedented in the history of humanity (Kahf, 2012b). Accordingly, offering *waqf*-financed education meant that the poor had an equal opportunity with the rich in acquiring education. This situation contributed immensely to the dynamics of leadership change and wealth circulation in Muslim society, circulated power and wealth, and eliminated the opportunity of creating an aristocratic class

that monopolized wealth and political power.

The third biggest beneficiaries of *waqf* were the poor, needy, orphans, and prisoners. Healthcare service, including the construction of hospitals, as well as spending on physician, apprentices, patients, and medicines, was another significant beneficiary of the *waqf* revenues (Kahf, 2012b). In addition, the *waqf* revenues were spent to help people go to Makkah and Madinah to perform pilgrimage, to assist girls getting married, and numerous other philanthropic causes.

Conclusions

The concept of *waqf* indicates that the Islamic economic system recognizes the roles of the non-profit sector in social and economic development, as well as provides the necessary legal and institutional protection for them (Lahsasna, 2010). This act creates a permanent, cumulative, and continuously increasing capital base that sustains growth, as well as expands the scope of benevolent activities apart from zakah and charities. *Waqf* carries the functions of benevolence to reach all areas of social welfare and even sectors that many contemporary economists and political sociologists consider a part of the domain and responsibility of governments (e.g., health, education, and defense) (Kahf, 2012c).

In the Islamic legal system, *waqf* makes an early version of the concept of modern corporations (Kahf, 2012c). Although economic corporations are no more than funds utilized to generate profits for their owners, the *waqf* properties are funds utilized for the benefit of their beneficiaries. The management that is necessary for *waqf* is one which is similar to that of economic corporations, provided that a method is provided to motivate this management to relate to the interests of the beneficiaries and the local community. Historically, the institution of *waqf* rendered exemplary welfare services in the areas of healthcare, education, social welfare, environment, and other community-based programs. Consequently, expectations

run high in Muslim society that the *waqf* system should take over more responsibilities to solve contemporary social problems. At present, the majority of the *waqf* institutions cannot play their expected roles due to lack of essential resources that they need to function properly.

The concept of *waqf*, as we observed, entails generous applications in the direction of developing the non-profit or for-profit non-governmental sector and increasing the quantity of welfare services that aim to improve the socio-economic welfare of society. The engagement of far-sighted entrepreneurs and philanthropists, clarity of the vision, formation of modern corporation-style management, recruitment of competent human resources to run the enterprises, and partnerships with best possible philanthropy projects and social activists are the keys to move forward. That is, to revive the roles of *waqf* as a tool for rendering exemplary social welfare services that it used to contribute to in the early days of Islam. Beyond the contemporary usage of *waqf* in dedicating the properties for ritualistic causes only, if the *waqf* system is intellectually handled based on the *Maqasid* and objectives of the *Shari'ah*, as well as *fiqh* of priority, it can play a substantially effective and successful role in the society.

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