

## SUSTAINABILITY OF ENDOWMENT FUND IN THE SULTANATE OF OMAN: A CONCEPTUAL STUDY

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**Abstract:** *Endowment properties, all over the world, seem to be in a state of disarray, dilapidated, mismanaged, unaccounted for or underutilized, wasting the valuable resource created by successive generation of Muslims for the benefit of the ummah. However, any initiative aimed at regenerating the endowment worldwide faces obstacles due to the lack of relevant research, feasible strategies, knowledge and coordination among the various stakeholders involved. Oman is a country which has huge assets of endowment fund, however, vast endowment leads to mismanagement, corruption, abuse and poor structure as well as less transparency. Thus, this paper is aiming to investigate the connection between endowment fund in Oman and the ability to sustain for coming years. The study contributes to create innovations methods to sustain Omani assets of endowment to use it in developing Omani Societies. This study focuses on sustaining Omani societies economically and socially using the assets of Omani endowment, however, the methods which has been suggested might has some limitation, but still some methods can be implemented in Oman.*

**Keywords:** *Endowment Fund, Sustainability, Waqf, Oman*

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### Introduction

Literally, the word “waqf” in the Arabic language means to hold, confine, prohibit, detain, prevent, or restrain. Waqf is also known as religious endowment, endowment fund, and unalienable property, which is a kind of voluntary charity and highly encouraged in Islam. It is endowed for a charitable purpose in perpetuity. Thus, the endowment fund (waqf) refers to a perpetual charity by holding certain property and preserving it for the benefit of the needy. It indicates that endowment fund (waqf) plays a significant role in bringing out the equality and human development for the nation.

In the literature, there are a great number of studies on endowment (waqf), however, the similar attention has not been paid to explore and sustain its role in economic life of Muslims.

Historically, endowment could be regarded as a fundamental economic institution that has played a precious function in economic aspect by generating economic activities and ensuring the benefits will accrue to certain parts of the society. Hence, endowment is an economic proposition to shift the burden of financing from public funds, as well as to avoid high cost of for-profit initiatives.

In Oman, the goal of achieving sustainability in endowment fund is to meet society's current needs by using Omani endowment fund. There is lack of knowledge towards waqf concept among Omani people. It is common in Oman that waqf is must go for poor citizens. The idea is inheritance by generation, even though endowment fund can go beyond this closed box. Hence, to create sustainability in endowment fund as an example, there are element may play essential roles to achieve sustainability.

Szekely and Knirsch (2005) claimed that sustainability refers to "building a society in which a proper balance is created between economic, social, and ecological aims". For businesses aspects sustaining should go with elements such as economic growth, shareholder value, prestige, corporate reputation, customer relationships, and the quality of products and services (Montiel, & Delgado-Ceballos, 2014).

However, Siswantoro and Rosdiana (2016) argued that to achieve sustainability in such a field there are factors must play a role, so it can be sustained such as government, media, education, culture and environment. In fact, Siswantoro and Rosdiana (2016) claimed that endowment can be sustained if it has a support from government and societies. Consequently, sustaining endowment fund is an operation with input and output.

In addition, achieving sustainability in any field require some tools which can assist the operation to be completed. In fact, Johnson (2015) claimed that to achieve sustainability, there are tools which the organization should take it into their consideration. He also argued that sustainability tools must include internal development of environmental and social measures as well as the external contribution to the sustainable development of society and the economy.

Consequently, there are consensus within scholars that sustainability has a relationship with society, culture, media and environment. As a result, to be sustained, there is a formula must apply in the organization which reveal the link between organization objectives and the surrounding factors. The Figure 1 below explains the factors which the managers should take in sustaining the waqf. As what has been mentioned above there are factors such as government, universities, culture, society, media and environment play essential role when it comes to sustainability.

Therefore, this study is to review literature on the sustainability factors of endowment fund by providing the explanation on potential impacts of endowment system towards economic development. The paper is then structured as follow. It is initiated with a short introduction on endowment in Islam. Afterwards, the paper attempts to point out the factors of endowment fund sustainability. Finally, the paper ends up with a conclusion.

### **Endowment Fund in Islam**

Historically, people tried to apply the concept of endowment (waqf) in their society was to upgrade their lives and offer many benefits to the people and societies. It also forms a strong and dynamic force in moving the society towards development and success. In addition, Islam

is the religion of welfare, kindness and barakah. Islam also always find the best way to serve the Ummah in achieving peace, calmness and good condition through endowment (waqf) as mentioned indirectly in surah Ali Imran, verse 92 which means:

*“You could not achieve the kindness until you give away what you love most”*

(Ali Imran: 92).

Also Prophet Mohammed Said:

*“When a person dies, all his/her acts come to an end, but three: recurring (ongoing) Charity or knowledge from which people benefit, or a pious offspring, who prays for him/her”*

The verse and Hadith clearly indicate that Muslim should contribute on charity projects such as building mosques and schools as well as decreasing the poverty. Although there is no specific evidence of waqf in Quran, but what Prophet Mohammad SAW did when he reached Al Madinah by giving a hint that waqf should be part of Muslim life. Also, when Umar wanted to donate by giving his date-palm orchard in charity, Prophet asked him to assign the dates for spending in charity while the orchard must be kept as a waqf (Alias, 2012). As a result, waqf means that keeping property for charity even though the waqif who is the donator dies, the operation should be completed by Mutawali or Wakeel.

Waqf literally means “religious endowment” and some scholars called waqf as hubs and the two words take the same action which is charitable donation (Kaleem& Ahmed 2010). Thus, endowments fund plays an essential role in providing sustainable solutions for Muslim societies. For example, a property such as land or building can be invested to provide services such as housing, education and healthcare.

### **Factors of Endowment Fund Sustainability**

There are factors which can make endowment sustain. Factors like universities and culture will be examined to proof their role towards endowment sustainability. Hence, this paper incorporates the following factors, i.e. government, universities, culture, society, media and environment that are crucial and key factors in sustaining the endowment fund in the Sultanate of Oman as illustrated by Figure 1.



**Figure 1: Factors of Endowment Fund Sustainability**

### **Government**

According to Emas (2015), people who are responsible of managing endowment fund must be integrated with government policy, so decision making processes will move towards development that is truly sustainable. To clarify this point, partnership must exist between *Mutawali* and Ministries which are responsible of directing the fund. In Oman, Ministry of Endowments and Religious Affairs is responsible for the spiritual and religious values based on the Islamic law in order to build a good citizen on the understanding of believing of Allah and right religion. It also organizes all things with regard to the religious matters inside the Sultanate.

In the Ministry of Endowment in Oman there is a General Directorate of Endowments and the House money which take care of the Endowments funds and its management to be explored in specific fields: such as providing assistance to imams, muezzins and teachers of holy Qur'an, and investing the funds of money house. In addition, this department generate solutions which can help employee who are dealing with endowment to develop the income of endowment assets (Ministry of Endowments and Religious Affairs, 2019).

In addition, government plays an essential role of providing new innovation, policy design and public support (Emas, 2015). Policy makers who have the ability to create new ways of innovation can apply the innovation thinking to sustain the Endowment Fund. For instance, sustainability education in early childhood can make change within young student's ideas (Somerville & Williams, 2015). In fact, Somerville and Williams (2015) argued that students can have new ideas when they have it from childhood. Consequently, Ministry of Endowment in Oman can prepare new curriculum providing the concept of endowment (waqf), so student from early age can acquire the concept and its benefits as well as make it as a life style. Therefore, waqf knowledge should be gained by the students who achieve high level of endowment teaching.

## **Universities**

Universities are the platform for achieving waqf sustainability. In other words, in universities there are scholars who can search and sustain the endowment for the betterment of the society. In addition, Trencher *et al.* (2014) claimed that benchmarking process might assist universities to be sustained. For example, Ministry of Endowment and Religious Affairs in Oman can make benchmarking with Kuwait Endowment to exchange the ideas of sustaining the Endowment.

Furthermore, experimentation is another factor that crucial for advancing sustainability. Trencher *et al.* (2014) claimed that to use experimentation, it needs for three elements which are mobilisation of knowledge, capabilities and resources from various societal sector. Also, Co-design and co-production are required, so the experiment can be applied in reality. To clarify this point, endowments in Oman must be examined in different locations in order to obtain a perfect result. That's mean investing endowment fund in Muscat as an example will bring different results if the investing will take action in Sur for example. Thus, scholars and students are the main elements which can produce innovation ideas to keep endowment fund sustained at the universities and bring excellent results.

## **Culture**

Integrating culture to achieve sustainability has been addressed over the years. In fact, culture is an essential role when it comes to be sustained. For instance, people who have belief in endowment and how this concept can make change in countries GDP, can make positive change with endowment concept. Thus, the previous example is an example of empirical element that culture play important role of supporting sustainability system.

In fact, “culture constitutes shared values, beliefs, and norms through which people see, interpret, or give meaning to ideas, actions, and environments” (Caldas *et al.*, 2015). Culture can play as mediating role with people belief and firm's sustainability. There is a link between value, belief and norms in understanding the culture of such people. For example, there is a belief among Omani people that when person past away his sons must share some of the money for charity. As a result, this action can be directed to practice the concept of endowment (waqf).

In addition, addressing culture's role in sustainability requires understanding whether the culture can change or not. In other words, can the belief of people become flexible and changeable? For instance, instead of paying cash money for endowment (waqf), what if the Ministry ask people to use technology for their paying? Is the trust exist in charity activities? Hence, culture and traditional activities towards endowment (waqf) can be sustained if the responsible of endowment acquire the history as well as heritage. To clarify this point, there is a need of knowing the endowment assets by asking old people who know old waqf and the Ministry of Endowment keep ignore it and does not register it.

Galbrith *et al.* (2002) designed a model which five factors can collaborate together to present sustainability throughout culture. The five elements are people, strategy, structure, processes and rewards (Gupta, & Kumar, 2013). People belief towards endowment should be directed for sustainability in endowment by using Ministry strategy. In other words, Omani people should participate in Ministry objectives of sustainability. There is a need of increasing the awareness of endowment among the society through Ministry of Endowment. People need to know the Ministry intention towards endowment sustainability as well as its activities. Also, the process must be clear so that people can follow the strategy and give their ideas. Ministry needs to encourage people by giving them rewards for those who are active and well

participate. This model can help people to understand the benefits of sustaining the endowment (waqf) as well as participating with the ministry to provide trust which will increase the work success.

### **Society**

Societies help the idea of being sustained and that happened when citizens know the value of being sustainable in such a field. In fact, people should believe the idea of being sustained in endowment fund, so waqf institutions can work to sustain the endowment. Ministry of Endowment should educate the society in sustaining the endowment fund in three steps. The first step is that there is local issue and concern which is endowment fund and how it is not used in appropriate way. The second step is the idea of sustainability and how it can be educated among local people. Once people convinced the idea they will start donate for endowment and that is the third steps (Gooch *et al.*, 2015). In fact, schools, universities and people from different classes should be engaged in the idea of being sustained. They should be aware of endowment and how it can make different in their life.

### **Media**

Media is another factor that plays an important role on endowment sustainability. It has a strong influence on audience to form crucial image. The effects of media influence firms' reputations positively or negatively. Hence, media controls the public-opinion, so manager of an organization must be aware of this player. It can be noticed that the majority of people have the media in their hands, so working on sending ideas of endowments and its importance is possible (Ballesteros *et al.*, 2014).

In addition, Ministry of Endowment is responsible of hiring professional employees who can deal with social media. In fact, in social media, there are applications which can exchange, create and share information. For example, social networking (e.g. Facebook), (micro-) blogging (e.g. Twitter), media sharing (e.g. YouTube) and there are more services that can support interactive public communication (Stevens *et al.*, 2016). Consequently, social media is a player which Ministry of Endowment should use it to spread its thoughts, objectives and strategies. Having accounts in the previous applications and contacting with people will increase the awareness of endowments and its methods for sustainability. In addition, social media has become a universal phenomenon in our society, it can provide a new data source. As a result, this data can be used to discover human behavior or change people opinions (Wang *et al.*, 2016).

### **Environment**

Understanding environment help firms to sustain in the competition. However, understanding environment is not an easy task. Firms set up the strategies that the top management thinks that will be remained forever, but emergent strategies may appear later. Therefore, evaluating the strategic options may benefit the organizations economically as well as socially. As the environment surround the firms change, it is important to go beyond the change, otherwise the organizations may lose the advantage of surviving. In fact, before choosing the strategy of the firms, analysing the external environment and internal capability should be determined (Navarro-García *et al.*, 2014).

Living in a changeable world, firms should know how to compete in the market by knowing how the competitors compete economically and technologically. It does not mean the firms that have technology will win, but the firms which have clear and strong strategy will win the

race. However, technology expanding randomly in the market and developing new technology may put the firms in a strong position in the market. For example, what if the automobile industry changes the energy from oil to solar battery, the consumer will move to the new technology because they got value (Calel *et al.*, 2016).

The Information Technology (IT) industry encourages battles between companies to develop the economies of the firms. In fact, the outcomes of standards war do not evaluate by the firms who win or lose the battle, but by expanding or shrinking in the complementary market that they are fighting in. The winner of standards war may take the huge share of the market. For example, Microsoft overtook the Netscape in the Web browser war (Lin *et al.*, 2014). Thus, competing in the market need for professional employees and that what the Ministry must provide to sustain in the market. The endowment fund need for analyzing and measuring to compete in the market.

There is no doubt that understanding of environment can affect the economic and the organizations positively or negatively. Knowing what is going around may give chances to produce or create new product even though it is difficult to predict the future, but still the insights may come and the clever who knows how to apply it to the real life. In fact, there are opportunities and threats regarding to the external environment, increasing the activity of the company or decreasing it depend on the external factors (Otache *et al.*, 2015). In other words, external environment can create new chances for companies, on the other hands it can affect the companies or industries miserably. For example, Kodak Company which does not move on with external factor which is technology lost its brand for new competitors who know how to deal with such external factor. Unlike, telecommunication industry which go beyond the technology.

Therefore, the question should be raised now how the managers should deal with the external environment and how they can predict the future. According to Milliken (1987) who explains the nature of uncertainty by distinguished between three types of uncertainty: state, effect and response uncertainty. State uncertainty means that managers do not have confident to take the decision, they have lack of understanding about the environment and how might be changed. Effect uncertainty explains managers who do not know the relationship between causes and effects outside their organizations. In other words, they cannot predict the future of their companies. Response uncertainty, refers to the managers who do not know how to control their strategies towards the external environment (Ashill, 2014).

Besides, understanding external environment is not an easy activity to do it, it needs efforts and research to achieve it. Indeed, Fahey and Naryanan (1986) argued that external environment has two dimensions: macro-environment and micro-environment. They developed a framework which explained the factors that affect external environment. It includes economic, political, sociological, technological, environmental and legal (Muthavhine, 2015). Fahey and Naryanan (1986) also argued that political factor is more important factor which affect external environment, that mean countries which is instable cannot bring enormous investment to the country. In addition, economic factor may affect the organization positively. For example, country has high rate of income will benefit the organization as well as growth rate of national product. In addition, technological factor plays an essential role to change the strategy of organizations to survive in the market even though some employees cannot deal with technology, but still organizations should spend money qualifying their employees. Also, PESTLE (Political, Economic, Social, Technology, Legal

and Environment) frameworks have sociological factor which includes demographics, life style and delivering values for the society. Population is one of the elements that organization should take in consideration when they set the strategies as well as the life style of such people. Thus, people who are behind managing the Endowment should be aware of such element which help them to take the right decision in term of investing the fund.

Consequently, endowment fund will be sustained in Oman and will compete in the market. It just a matter of knowing how to compete and when to sustain. Scholars such as Michael Porter (1985) crafts his own frame work calming that the five forces of competition are: competition from substitutes, competition from entrance, competition from established rivals and bargaining power of suppliers and buyers. Michael Porter (1985) argued that the five forces model analyzing the competition and predicting profitability; however, researches at McKinsey Company argued that competition is a dynamic process which mean that industry structure itself change through evolution and transformation (Porter *et al.*, 2014).

### **Conclusion**

Looking for sustainability in Omani endowment fund is not an easy task to fulfil. However, it needs for such factor to sustain the endowment fund which can provide benefits to the society. Understanding the external environment as an example explains how it is difficult to recognize the revolution of change. Culture plays essential role when it comes to sustainability. Managers need to know people behavior towards endowment fund and in what perspective of view they can inter and revel their ideas. It is a complex task asking people for paying money for charity, but the clever one can get it in the right time. Endowment fund need for people who can spend their times treat the fund as a child need for care.

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