ATTITUDES OF MUSLIMS TOWARD PARTICIPATION IN CASH WAQF: ANTECEDENTS AND CONSEQUENCES

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ABSTRACT

Waqf is an act of holding certain property and preserving it for the confined benefit of certain philanthropy that disallows any use or disposition of it outside the specific objective. The Malaysian National Fatwa Council has decided that cash waqf is allowed in Islam. This research aims to investigate Muslim consumer attitude towards participation in cash waqf and implications on their attitude towards participation in cash waqf. This paper reviews literature related to consumer attitude towards participation in cash waqf with the aim to empirically test conceptual model of antecedents and consequences of consumer attitude towards participation in cash waqf. Based on the literature, it is proposed that consumer attitude towards participation in cash waqf is influenced by consumer trust, perceived risk, product knowledge and reference group. Consumer attitude will then lead to consumer intention to participate in cash waqf. This research intends to make contribution to both theory and practice of marketing by providing marketing implications concerning the targeting of cash waqf customers.

Keywords: Consumer, Attitudes, Cash Waqf

1. INTRODUCTION

Waqf, in the Arabic language, means to stop, contain, or preserve. In Islamic terms, waqf is an act of holding certain property and preserving it for the confined benefit of certain philanthropy that disallows any use or disposition of it outside the specific objective (Kahf, 2009). Waqf is permissible in Islamic law and it is a recommended practice in the light of al-Quran and Hadith. Waqf creates great benefits not only for the endower himself/herself but also for the whole society. It also plays an important role in economic development by providing health facilities, education and worship place (Ab Rahman, 2009).

Two types of prominent of waqf are the immovable property (‘aqar) and movable (manqul) property (Ab Rahman, 2009). In 2007, the Malaysian National Fatwa Council has decided that cash waqf is allowed in Islam (Ab Rahman, 2009). With this ruling, Muslim community in Malaysia is allowed to participate in cash waqf. The cash waqf is a form of certificates with different denominations to raise money against the planned projects. The issued certificate will be bought by a number of individuals or institution to finance the planned projects. Separate cash waqf will be raised for each individual waqf activity. According to Muhammad Salleh (2009), cash waqf has the potential to promote the development of the ummah. The author estimated that the cash waqf collection in Malaysia could reach RM4.3

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billion a year if each Muslim adult Malaysian citizen donated RM1 a day or RM30 a month to the cash waqf fund.

Several state religious councils have implemented the cash waqf scheme or known as waqf shares. The six states that offer this waqf shares are Penang Waqf Fund Scheme, Selangor Waqf Share, Pahang Waqf Shares, Johor Waqf Shares, Terengganu Cash Waqf Scheme and Malacca Waqf Shares. Study on the involvement of the Muslim community in waqf shares is finite but very instrumental in the economic development of Muslims (Ab Rahman, 2009, Mahamood, 2007). Therefore, this research work aims to investigate Muslim consumer attitude towards participation in cash waqf and implications on their intention towards participation in cash waqf. In addition, this research also identifies the extent of Muslims participation in cash waqf is influenced by an individual's background such as educational level, occupation, income and gender.

2. THEORETICAL BACKGROUND AND CONCEPTUAL FRAMEWORK

Factors influence consumer attitudes toward participation in cash waqf

Figure 1 shows the conceptual framework for this research based on the existing literature. The proposed conceptual framework explains factors influence consumer attitudes toward participation in cash waqf and its implications on consumer intention to participate in cash waqf.

Figure 1: Proposed Conceptual Framework
Reference group

Reference group is defined as a person or a group of people that can significantly influence one’s behaviour (Bearden and Etzel, 1982). The impact of reference group influence on different aspects of consumer behaviour has been examined by numerous researchers. For instance, some researchers have investigated the impact of reference groups on brand preference (Ford and Ellis, 1980, Stafford, 1966), purchase decisions (Bearden and Etzel, 1982), shopping behaviour (Mangleburg et al., 2004), product evaluation (Burnkrant and Cousineau, 1975, White and Dahl, 2006), the number of investment transactions made (Hoffmann and Broekhuizen, 2009), and advertising implications (Lessig and Park, 1978). Findings from these studies show that reference group plays an important role in shaping consumer decisions. Based on the previous studies, regarding participation in cash waqf, it is expected that reference group will influence Muslim consumer attitudes toward participation in cash waqf. Hence, it is expected that:

H1: Reference group influence is positively related to consumer attitudes toward participation in cash waqf.

Product knowledge

O’Cass (2004) study found that consumer knowledge is related to consumers’ confidence in making decisions. The author argues that consumer knowledge is important because it can affect the strength of the relationship between attitudes and behaviour. Individuals with more knowledge tend to be more confident about making correct decisions and demonstrate less interest in others’ information and opinions (Bearden et al., 1990, Clark and Goldsmith, 2006). Therefore, in this study, it is expected that an individual with more knowledge on cash waqf is expected to develop positive attitude towards participation in cash waqf. Hence, the following hypothesis is developed:

H2: Consumer product knowledge is positively related to consumer attitudes toward participation in cash waqf.

Perceived risk

Perceived risk represents the consumer’s pre purchase uncertainty which relates to the degree of expected loss resulting from the purchase, and the type and use of a product or service (Murray and Schlacter, 1990). From consumer behaviour literature, Schiffman and Kanuk (2007) and Mowen and Minor (1998) have identified six different types of perceived risk in terms of loss: (1) financial (loss of monetary investments); (2) performance (loss of functional benefits); (3) social (loss of approval from reference groups); (4) psychological (loss of self-image); (5) physical (loss of health and safety); and (6) time (loss of effort and convenience).

The importance of perceived risk construct in determining consumer attitudes has been investigated in previous studies. For instance, Lin et al. (2009) conclude that perceived risk is a critical factor in determining consumer attitudes toward products and brands. Similar findings were found in de Matos et al.’s (2007) study whereby perceived risk is negatively related to attitude. Following results from the previous studies, it is expected that consumer perceived risk is negatively related to consumer attitudes toward participation in cash waqf. Subsequently, it is hypothesised that:
H3: Consumer perceived risk is negatively related to consumer attitudes toward participation in cash waqf.

Trust

Trust is defined as a willingness to rely on an exchange partner in whom one has confidence (Moorman et al. 1992). The need for trust will arise when an individual becomes vulnerable to some extent and are uncertain about their decision outcome, which has importance for them. According to Rogers (2003), the ability to reduce consumers' uncertainty is particularly important for innovations, due to the novelty of the product. In accordance with past research, it is expected that an individual trust on cash waqf will influence his or her attitude towards participation in cash waqf. This leads to the following hypothesis:

H4: Trust is positively related to consumer attitudes toward participation in cash waqf.

Implications of consumer attitudes on consumer intention and actual behaviour

Purchase intention

Research has shown that consumer attitude is positively related to consumer behaviours (Ajzen and Fishbein, 1975). According to the Theory of Reasoned Action, attitude is positively correlated with behavioral intentions, which in turn is an antecedent of the real behaviour (Ajzen and Fishbein, 1980). In the context of participating in waqf, it is expected that:

H5: Consumer attitude towards participation in cash waqf is positively related to their intention to participate in cash waqf.

Actual behaviour

Actual behaviour refers to the real behaviour of consumer to carry out their intention behaviour (Ajzen and Fishbein, 1980). Previous research has shown a positive correlation between the two variables (e.g. Zainuddin et al., 2004, Amin and Chong, 2011, Lada et al., 2009). Hence, based on the existing findings, it is expected that:

H6: Consumer intention to participate in cash waqf is positively related to their actual behaviour to participate in cash waqf.

Moderating factors

Demographic factors

Research has shown that consumer differences such as age, education, income and gender will influence consumer behaviours (Solomon et al., 1999, Schiffman and Kanuk, 2007). For the purpose of this study, three demographic factors that will influence consumer attitudes toward participation in cash waqf are gender, occupation, income and education. Hence, the next hypothesis:

H7-H10: Consumer attitudes toward participation in cash waqf will be moderated by consumer differences such as gender, occupation, income and education.
3. RESEARCH METHODOLOGY

This study will involve two phases of data collection; qualitative and quantitative phase. The qualitative phase will involve focus groups. Focus groups are conducted with the aim of exploring consumer attitude towards participation in cash waqf, reasons for participation in cash waqf and to develop items for the survey questionnaire development.

The quantitative phase will involve data collection via survey questionnaire. A total number of 400 survey questionnaires will be distributed to individuals in Klang Valley area. Once data for present study is collected, analysis will be done using Structural Equation Modelling (SEM). This statistical analysis is chosen because it estimates interrelated dependence relationships in a single model, it has the ability to represent unobserved concepts in these relationships, and it is able to correct for measurement error in the estimation process (Hair et al., 2010, Kline, 1998, Byrne, 2010). In addition, SEM allows the researcher to validate the measurement model before making any attempt to evaluate the structural model. SEM provides a better way of empirically examining a theoretical model by involving both the measurement model and the structural model in one analysis.

4. DISCUSSION AND CONCLUSION

This paper is based on an ongoing research project which intends to investigate factors and consequences of consumer attitude to participate in cash waqf. This research will also identify the extent of an individual intention to participate in cash waqf is influenced by an individual's background such as educational level, occupation, income and gender. In addition, this research will discuss the marketing implications for institutions that offer cash waqf in Malaysia. It is hoped that by understanding antecedents and consequences of Muslim consumer attitudes toward participation in cash waqf will be able to encourage Muslim consumers to participate in cash waqf.

REFERENCES


