

FINANCIAL MANAGEMENT PRACTICES OF MOSQUES IN SRI LANKA: AN OBSERVATION

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ABSTRACT:

In accordance with Islamic conception, the mosque is a centre for community development. It has to play a crucial role in various aspects of Muslim life in Sri Lanka context of Muslim minority. For this, it is required that mosque maintains a healthier financial performance. The purpose of the study is to examine the financial practices of the mosques in Sri Lanka. This study utilises a survey along with in-depth observation and interview to examine the nature of this financial behaviour in Sri Lanka. Results revealed that mosque finance is conservative and simple mostly dominated by the condition of resource scarcity. This study also discovered that mosque needs to maintain financial management strategies to conduct more quality and quantity program and mosque needs to recognize the importance of fundraising activity.

BACKGROUND OF THE STUDY

Mosque is considered one of the non-profit organizations and therefore its financial practice determines the quality and quantity of services provision (Sulaiman et al., 2008). In Islam, mosque is community development centre. It is a place for congregation, a centre of excellence for knowledge, economic pursuit and community services, giving religious instruction, political discussions, knowledge sharing etc. (Abu-Shuhbah, 1395H/1975, Al-Darsh, 1994, Rasdi, 1998). As such, it is important for a mosque to maintain strong financial condition to achieve its strategic mission. One of the roles of mosque trusty board is to maintain their mosque's revenue and expenditure. Moreover, they are expected to ensure that funds are obtained and used in the most efficient and effective way to the benefit of jama'at (Adil et al., 2013, Masrek et al., 2014, Said et al., 2013).

In Sri Lanka, the history of mosque is old as the presence of the Muslims there (Mahroof, 1987). With more than 2000 mosques national wide, they are vital to the Muslims in many aspects of their life. These mosques use to generate their own fund in order to run the daily operations and to smaller extent, to conduct activities for the benefit of the local society. Generally, the fund comes from local donations and the proceeds of the production from the lands are benefited to the mosque. Because of that, in the Sri Lankan Muslim minority context, there is no traditional system of 'state' mosques as it is in Muslim world, where the mosques are funded by regime, which are incorporated into the state bureaucracy to control all related activities through the ministry or department in-charge for awqaf (plural of waqf) and religious affairs. This bureaucratic model was the dominant model around the world until the 1980s. And this model is aimed at bureaucrats to derive policies and translate government objectives and agenda into action. However in Sri Lanka, the tradition of waqf has not been allowed into the prevailing Muslim law and the recognized legal system. It was pointed out that "...and that the branch of law known as waqf was not introduced into Ceylon and did not become part of the customary law of the Ceylon Muslims" (Mahroof, 1980). However, The discourse to reform the mosque management to regulate the proper use of mosque fund and property, urged 'the Muslim Mosques and Charitable Trusts of Waqfs Act' to be enacted by independent parliament of Sri Lanka in 1956. According to this act, a mosque fund must be governed by trustees selected by jama'at and approved by waqfs board. Therefore, this study attempts to examine financial practices of mosques in Sri Lanka, focussing on their basic financial activities such as financial health, sources of income, major expenditures etc.

METHODOLOGY

This research is primarily based on the qualitative approach, but it does not advocate the exclusive use of either the extreme qualitative or quantitative techniques. This study comprises the following techniques: interview survey (quantitative), observation supplemented with interviews, and documents (qualitative) to gain empirical evidences. The use of structural interview survey along with field observation has helped to obtain the empirical evidences on their basic financial activities such as financial health, sources of income, major expenditures etc. Quantitative approach serves to minimize the degree of biasness and thus enhance objectivity. However, in the qualitative part of the fieldwork, the interactive between the mosque trustees and researcher is important to explore and uncover the multiple perspective of the mosque finance. Subjective interpretations were obtained from the other selected informants unstructured interviews. This study is a constructed reality, so it mainly

focuses on meaning, ideas, and practices as the research has been designed and carried out using a critical and evaluation approach. The research uses both inductive and deductive processes. The inductive process is used not to provide or disapprove a predetermined hypothesis but rather, to discover or uncover any interesting concepts or variables of mosque finance. So, the entire process is deductive and explanatory. Sri Lanka was chosen for the study, both because it is unique in its own context and the researcher is representing the country through the academic investigation and working experiences. However, what is learnt from Sri Lanka is relevant to and can suggest new aspects and reading of similar situations in other empirical settings.

At the time of data collection, there were 2000 mosques in Sri Lanka. For interview survey: the 68 electorates of 21 districts, where considerable numbers of Muslims are living were selected for sampling. Number of samples was allocated proportional to the number of mosques in each electorate. Mosques were selected within the electorate randomly. However, to an extent, the characteristics of the mosques such as location, type, ownership and ideological differences were also considered in sampling. The persons contacted for unstructured interviews include the Director of Department of Religious and Cultural Affairs, the eminent Scholars, Muslim writers, Islamic activists, leaders of the Islamic movements, and the segment of Muslim professionals. The majority were leading figures in Islamic works. There were however, very few relevant persons who were failed to be interviewed, as they were not available, busy or sick at the fieldwork time. When electing interviewees a conscious effort was made to include people from different ideologies and background. However, the effort to include as many as women, was not possible except one woman.

DISCUSSION AND RESULTS

The responses describing the current financial situation of the mosques are presented in figure 6.4. It first reveals the course of the finance in five periods, the finance either has not met any changes (41%) or has worsen (21%) relatively in majority of the mosques, meanwhile, considerable mosques (38%) report the financial improvement. However, the great majority of mosques (75%) are in unhealthy position in finance. The situation is noticeable remedy as one out of five mosques (20%) face some difficulty and some mosques (10%) face serious difficulty in financing. It can be argued that the mosques likely do not pay concern on development of fundraising strategies including financial planning, budgeting, keeping clear financial records, transparency in financial reporting etc. these behaviours may encourage the concerned people to extend their support to the mosques and the services it provide.

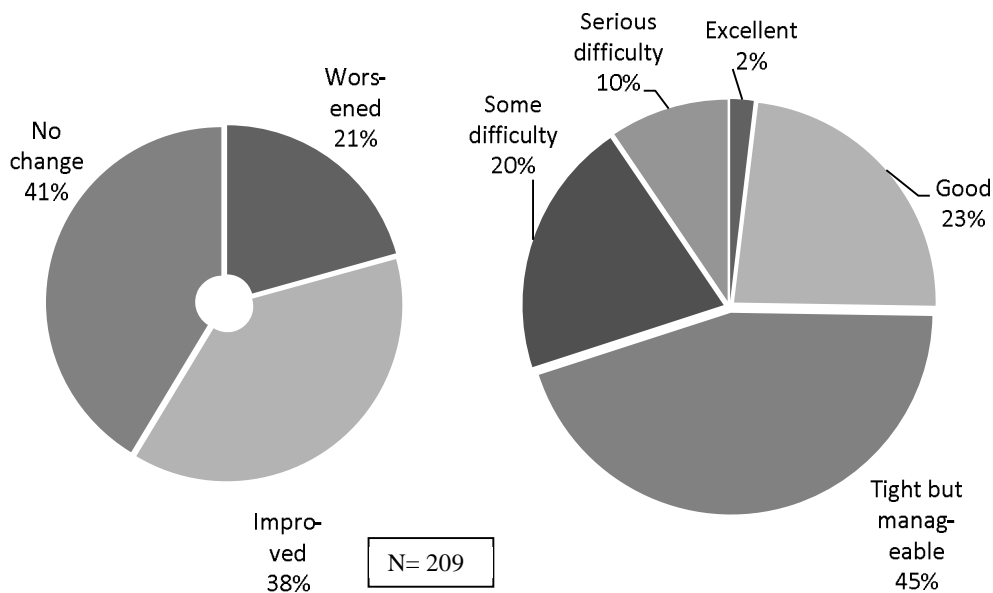


Figure 6.4 The course of the finance over last five years and the current financial health of the mosques

Source: Survey

The key sources of incomes in mosques of Sri Lanka appear more traditional, as it is showed in figure 6.5. This figure pinpoints the contribution of existing sources of income to the income mosques. The first is monthly *sanda* (a Tamil term for subscription) and it is the way, mosques mostly practiced (88.6%) to generate income to the mosques. The mosque managements strive to collect an agreed specified minimum amount of money (mostly from one to three hundred Sri Lankan rupees) from their *jama'at* according their level of income of each month. Even though this is a major source of income, it is intimately connected to the size of *jama'at* population and their standard of living. The mosques situated in major cities leading *jama'at* of about thousand Muslims, is the most affluent mosques under the observation. It is important to note, furthermore, how the economic condition of the Sri Lanka, which is marked with gradual decline in recent past, affect considerably and determine the contribution of the *sanda* collection.

The next way of income generation in vast majority of the mosques (70.5%) tend to be supplemented by donation probably given at end of Ramadan and on special occasions including *'id* festivals. Most of the mosques used to organize the donation campaign among philanthropies and traders during these periods. Sizable donation may come from individuals who are referred to as major donors. Furthermore, the collection box is put in the most of the mosques, at its main entrance. The collection box of the some mosques is seen to be placed in commercial area such as famous stores, markets etc. The box is locked, with only a slot for cash donations. Generally, the box can be opened only once in a month, at a fixed time, in the presence of key mosques personals. The fund giving for charitable purpose forms to contribute the income generation in slightly more than a quarter among mosques (21.9%). The external funding opportunities from the Muslim countries, the government, and the donor organizations are relatively few (13.8%) and mostly used for specific purpose of the construction and renovation.

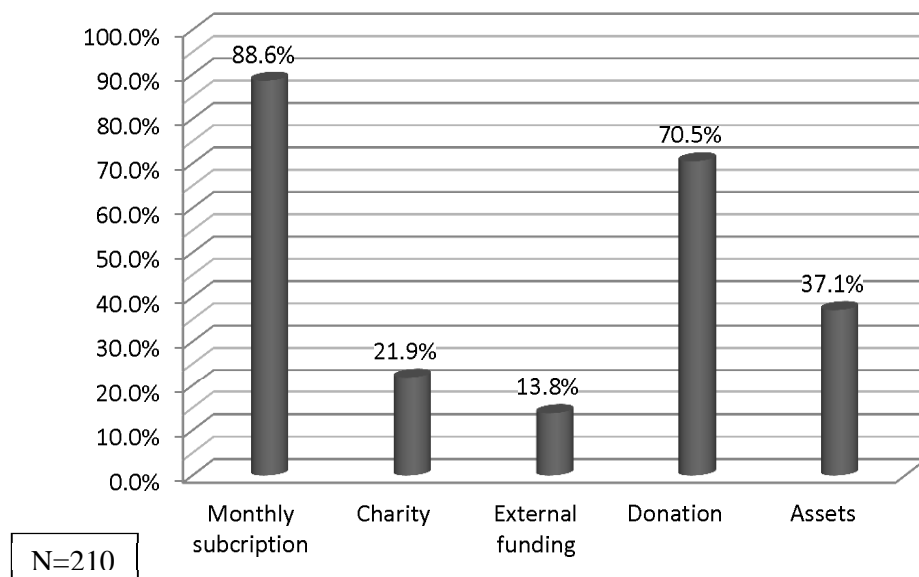


Figure 6.5 Sources of income in the mosque
Source: Survey

It is found that considerable number of mosques (37.1%) posses the assets in the form of paddy fields, rental buildings etc. From early period, there is a trend that affluent Muslims donate, in the form of *waqf*, property adjacent to the mosque for its extension and maintenance. Therefore, this practice brought into the most endowed mosques in a specified area. In the agrarian area, the paddy fields were most likely endowed to the mosques. Moreover, some mosques tend to no longer depend on uncertain incomes, it has become necessary to develop sources of steady income besides the *sandas* and donation from pious believers. They have begun to rent out their extra space for commercial use; some have constructed new business ventures for rental income. The mosques located in the busy commercial area receive much income from this source. Financial assets other than those, for a lesser extent, are providing lodging to the students and travelers. However, the primary question is whether all the mosques maintain sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. To answer the question, the mosques were asked to give the approximate net income from their all sources in fiscal year 2007. The figure 6.7 indicates that the net amount received in 2007

by the majority mosques that probably do not have the endowed property, insufficient in a scenario with their budgetary needs and management have increased considerably. A good case in point is that the less than one hundred thousand LKR as a net amount received by the considerable mosques (31.3%) is extremely low. Only quarter of the mosques reports total income over four hundred thousand and very few mosques (4.6%) relatively experienced comfortable income over one million in 2007.

Table 6.7 Approximate net income of the mosque from all resources in 2007

Income	Percentage
Less than 100,000/= LKR	31.3%
100,000/= - 199,999/= LKR	24.1%
200,000/= - 399,999/= LKR	20.0%
400,000/= - 599,999/= LKR	9.7%
600,000/= - 999,999/= LKR	10.3%
More than 1,000,000/= LKR	4.6%

(N= 195) Source: Survey

The major expenditures of mosques include mostly the regular expenses such as dispendes for salary (82.2%), charges for electricity and water 70.7%), and for other maintenance necessities (61.5%) as it presented in figure 6. Moreover the mosques tend to spend large amount of money on extension, renovation and reconstruction. It is observed that this have great importance and thus most of the mosques have experienced energetic reconstruction and refurbishing. This is for the reasons such as: increasing Muslim population and their attendance to the congregational prayer in the mosques, sense of the aesthetic, proud of having a larger mosque etc. The rest of the expenditures described as “others” are organization of the religious events and cost of development properties.

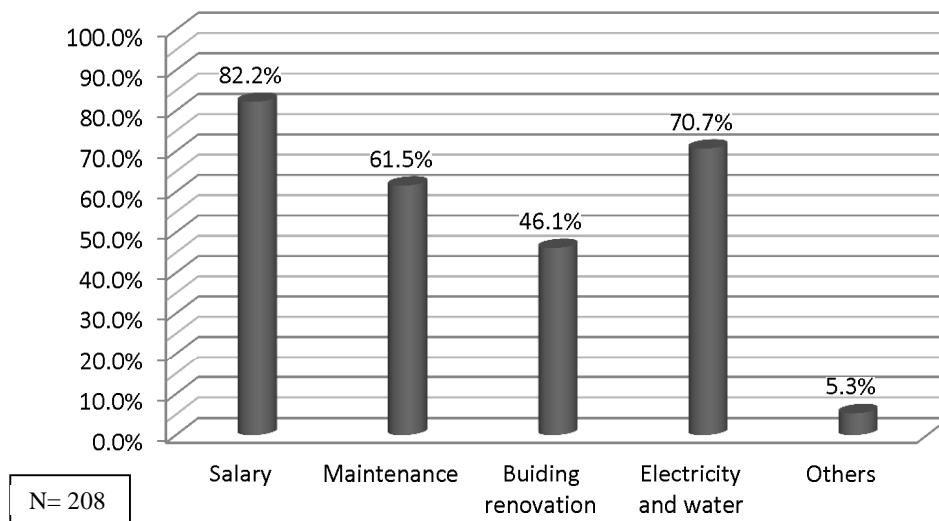


Figure 6.6 Major expenditure of the mosques

Source: Survey

Other aspects of mosque finance can be briefed as follows: the fiscal year is basic financial record keeping period of the mosques that mostly begins on January 1 and ends on December 31. The income and expenditure statement is monthly based practice. The monthly balance will be put on the board for every one to see. Most of the mosques keep rest of the money in a bank account, but no documentation exists. Such a relaxed management style is quite usual among mosques, but the Department of Muslim Religious and Cultural Affairs most likely

encourages mosques to have a regular financial system is to be established to qualify the mosques for registration. It is generally believed that the mosques do not practice the adequate system of internal control in their financial process on the receipt of income and the disbursement of funds. They have no qualification to function in such capacity as well, most of the mosque board do not normally play an active role when it comes to managing the mosques' funds (Razi, 2009). Furthermore, some people view that financial procedures such as accounting and internal control procedures are regarded as secular activities and, therefore, as secondary to sacred activities of the mosques.

CONCLUSION

Generally the mosque finance likely seems to be conservative and simple, as they are preparing monthly income and expenditure statement. There are most likely no practice to keep the financial records and even though they have it but not ready to make it available to other parties. The financial processes of the mosques are generally dominated by conditions of resource scarcity. They are utilizing the limited opportunities for generating income. The fund raising strategies are also arguable and they face resource constrains with an ever increasing agenda of activities on which such funds could be spent. As a result, the mosque finances are most likely responsible for directly supporting the primary routine expenditure. As such situation always advocates many services that contribute to the achievement of mission to lead the community, are not to be provided due to limitation in funds. Therefore, mosque management maintains its finances and takes actions mostly to ensure that spending does not exceed the available resources. This indicates that the mosques require a reasonably significant level of financial management activities at least the management of scarce resources to underpin their daily operations. However, the practices are probably dominated by the transcendental nature of the belief systems adopted by the mosques.

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