Issues and Challenges in Management of Waqf in Ningxia Province of China

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Abstract

Waqf institutions in China are facing several issues and challenges such as waste of charitable resources, difficulties in retaining waqf assets, and low levels of professionalism of those involved in waqf. The internal management mechanisms of these institutions continue to be designed and controlled to support personal ambitions and control as opposed to the more religious considerations advocated by Islam and that align with the purpose of waqf. Despite this formidable challenge that permeates waqf in China, there has been a lack of research on these issues. This paper aims to fill this lacuna in the literature by investigating and assessing the management mechanism and national governance of both general and Islamic aspects of waqf in China. The paper adopts a qualitative method using semi-structured interviews with several senior waqf managers. The findings highlight several issues and challenges facing waqf in China, including the lack of a defined aim, low level of capability and professionalism, narrow-mindedness, and poor levels of coordination. Other issues include brain drain, unstable performance, low qualification, and managerial neglect of waqf managers. Lastly, the findings elaborate the balance point between China’s national governance and Islamic governance.

Keywords: Waqf Management Mechanism, National Governance, Islamic Governance, China

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1. Introduction

After centuries of development, Islamic culture has integrated into the local Chinese culture. Islamic approaches to charity have existed for centuries in China whereby mosques have acted as intermediaries to collect zakat, sadaqah, and other donations to relieve the suffering of people and meet the needs of the poor (Yu, 2015). With the development of China's comprehensive national strength, the wellbeing of Muslim communities has been enhanced significantly, and as a result, the number of waqf institutions is increasing through voluntary personal and community supports from entrepreneurs, celebrities, and business associations. Its waqf sector is constructed yet informal as it is regarded as a personal or community matter. Most Chinese waqf institutions are funded by the profits of a parent company or cash donation from other entrepreneurs. These waqf are largely managed by individuals as opposed to committees, or boards, and decisions are made depend on their discretion (Ma, 2016).

Various factors in the Chinese society affect the existence of waqf, such as policies, economic level, and operating system (Zeng, 2013). These factors apparently determine the quality of the waqf performance. In this regard, good management of waqf organization is of particular importance. In the case of China, mismanagement of waqf influences the development of many waqf organizations (Hu, 2017). In fact, major features of religious charities include the fact that they are limited in number, privatised and faced with absence of standards. Many scholars (see, Zhao, 2010; Zhuo, 2012) think that the lack of standards in the use of charitable resources can result in wasting resources and private misappropriation. Zhao (2010) said that religious charity organisations are operated on a private basis due to China having no specific policy for religious charities. This has resulted in charities being private and decentralised. Zhuo (2012) claimed that their charitable activities are temporary, accidental, and occasional which render public welfare unstable.
Poor management exacerbates these issues.

In addition, imperfect governance framework of *waqf* is another key factor affecting the quality of performance around the world. From the *waqf* perspective, *Shari’ah*-compliance of the *waqf* should exist in the whole system and in all situations. However, due to the Chinese free-religion policy, the *waqf* institutions and organisations lack a national *Shari’ah* governance system for the current situation and further development. From a general governance perspective, this issue remains a serious problem since regulations and policies are imperfect especially in the context of religious charity.

Thus, this paper intends to investigate the current issues and challenges in the management of *waqf* institutions. From the development of the last 10 years, the asymmetry of theoretical knowledge of Islam and practice has led to very serious operational mistakes in Islamic philanthropy. Furthermore, this paper investigates and explores the social environment of *waqf* in China by analysing Islamic and national governance of *waqf*. The internal management mechanism of *waqf* institutions cannot be separated from the laws and regulations of the country and the Islamic governance is a necessary procedure for the implementation of *waqf*. Consequently, this paper explores the relationship between these factors to address the challenges facing *waqf* in China.

2. Literature review

2.1 Religious Policy in China

With the establishment of China’s socialist system and the democratic reform of the religious system, religion has undergone major changes. Minority religion has always been highly valued by the government to maintain national unity, promote economic development in minority areas, and stabilise national security. It is important to highlight that China is a socialist country led by a communist party, which believes in Marxism and advocates atheism. Consequently, religious policies in China are largely influenced by the Marxist view of religion. Nevertheless, religious beliefs are still respected (Feng, 2016).

Thus, in the Constitution of the People’s Republic of China, freedom of religious belief is a fundamental right of citizens. Article 36 of the Constitution stipulates: “Citizens of the People’s Republic of China have freedom of religious belief.”; “Any state government, social organisation and an individual shall not compel citizens to or not to believe in religion or do not believe in religion, do not discriminate against citizens who believe in religion or who do not believe in religion.” Moreover, “The state protects the normal religious activities” (Gao, 2007, pp. 16).

The Chinese socialist democratic legal framework administers religious affairs by establishing religious laws and regulations. All religious activities, projects, and matters are governed and implemented in accordance with the relevant laws. For instance, the new Religious Affairs Ordinance regulates that religious activities are carried out in religious venues meaning temples, palaces, mosques, churches and other fixed places, and the relevant government department must identify such religious places. Also, the religious personnel must have legal qualifications.1

2.2 Charity Policy in China

In March 2016, the first Charity Law of the People’s Republic of China was formulated by the 4th conference of the 12th session of the National People’s Congress and was implemented from September 2016. The contents of the Charity Law included 12 chapters constructed by 112 articles. The chapters detail the regulations to the charity organisation, charity donation, charitable donation, charity trust, charity property, charity service, information disclosure, promotion measures, supervision and management, and legal liability. The biggest improvement in such organisations is that they enjoy tax benefits (Charity Law, 2016). This law means the charity activities began to enter the era of legal management. Jiao (2017) interpreted that if the public welfare or charitable donation expenses are more than 12% of total annual profit, they are exempt from tax for three years. According to Enterprise Income Tax Law, this privilege encourages large corporate donations. Thus, most enterprises’ public donations enjoy pre-tax deductions.

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Without this legal position, the religious charity system was often plagued by randomness and instability. The Charity Law standardises the qualification and behaviour requirements, which contributes to religious charity activities aligning with the law. It solves the legal personality of religious places, which contributes to innovation in the field of religious charity and inspires vitality of religious charity. Further, in the charitable organisation's code of conduct, internal governance, and information disclosure rigorously refine the management practices to help the main body of religious charity achieve internal management norms and operate more transparently (Feng, 2014).

2.3 Economic State of the Muslim Community in China

The Muslim community in China are mainly concentrated in the northwest region of the country, comprising of ten ethnic groups. Most of them inherited and engaged in business. The business experiences and skills of Chinese Muslims are not only from their history but also result from an Islamic culture. Yang (2004) summarised that three elements influenced Chinese Muslims’ experience in business: first from the practices of some Arabs and Persians; second from Islamic advocacy; third from good income of the business.

Chinese Muslims have benefitted from the supportive China’s economic policies. Economically, they have advanced their catering industry, fur processing, and slaughtering. Animal husbandry is a fundamental industry in China in which Muslims are deeply engaged, especially in the north-western region of the country where the natural conditions are conducive to animal husbandry. Furthermore, subsidiary industries of animal husbandry are very large, such as meat processing, halal food services, and biological products processing (Yang, 2004).

Other studies mentioned that the service industry, as well as animal husbandry, has been relatively stable (Quan, 2012; Li, 2013; Li & Li, 2016). With urbanisation in China, some Muslims have begun to abandon the traditional industries and enter the real estate industry, heavy industry, and transport industry. Chang (2013, pp., 23) reported that: “in order to increase income, there are about 3 million migrant Muslims each year in China; and many of them are engaged in the basic service industry, such like halal restaurant, construction works, and small businesses”. In the Gulf, some Muslims offer translation services, especially from Chinese to Arabic.

2.4 Status of Waqf in China

Before China’s economic reforms, due to the general poverty of the Muslim population in the northwest region, the philanthropy of the mosque in the form of Zakat was limited, while the private charities were mainly small-scaled. After the reforms, Muslims have become more involved in charity, and the social function of Zakat has improved. For instance, the mosques in the northwest started to use Zakat to help the poor and the socially vulnerable groups since the mid-90s. Some established a regular subsidy system, which provided rice, oil, and other necessities to the poor families. They also introduced an innovative project by offering house rentals for the needy. This series of charitable activities of the mosque contributed to and consolidated the unity of the mosque and effectively maintained the local stability (Min, 2009).

Muslim enterprises and entrepreneurs have become the core force of Islamic charity in China. There are many socially responsible enterprises and entrepreneurs in Muslim social groups who have begun to play an active role in charity activities. Because of these enterprises and entrepreneurs are richer than the ordinary Muslim, they usually have a strong desire to benefit and serve the community. Their social assistance activities have transnational, cross-religious, and trans-regional features. For instance, following the Wenchuan earthquake in Sichuan Province (measured 8 on the richter scale) event in 2008, many companies willingly provided free forklift excavators and other construction machinery to the disaster area. Most Muslim communities in the northwest donated cash (Hong, 2009).

2.5 Challenges and Issues of Waqf in China

There seems to be a contradiction in the values of charity advocated in Islam and the charity practices of Chinese Muslims. This needs to be resolved for contemporary Muslim who seek to develop and build a harmonious society. This contradiction is mainly due to traditional and historical reasons that have placed a
relatively more importance on *ibadat* (worship) at the expense of the importance of social contribution. This is why the practice of Muslim charity is still largely individual which restricts the scale of Islamic charities, norms and socialisation.

Prior to this study, many scholars (Ma, 2008; Ma, 2012; Yang & Zhang, 2014) have conducted research on the low level of professionalism as a factor for the slow development of *waqf* in China. Hai & Zhang (2007) identified the low level of Islamic knowledge and gap between Islamic theory and reality among management as factors for slow progress. Another reason is the Muslim charities in China are run by businessmen as opposed to specialists in non-profit and charity organisations (Zeng, 2013).

As businessmen, *waqf* managers are better at realising profit than ensuring religious compliance. It means that some *waqf* institutions differ from other charity institutions by name only and not practice (Hu, 2013). This has implications for the management of *waqf*. Xian (2011) indicated that the management of the *waqf* may still be under the auspices of unqualified managers whereas this is an unavoidable issue since the *waqf* institution in the modern sense is relatively new. Consequently, it causes reluctance to donate to *waqf* institutions (Ma, 2012).

Over the last decade, some *waqf* managers have found effective solutions from the continuous exploration and experience of *waqf* practice. Nevertheless, the brain drain issue persists. As for now, the professional training of *waqf* managers is a necessary part for a *waqf* institution but no one can guarantee that the cost is worth it.

*Waqf* in China lacks a defined aim. Thus, there is a serious issue that a charity’s resources are wasted due to a lack of a defined aim (Ma & Li & He, 2016). According to He (2016), the Holy Qur’an repeatedly emphasises trying to meet the most basic needs of vulnerable groups, helping them to alleviate hunger, treat disease, reduce debt, and solve real and urgent problems. Wang (2010) mentioned that the Islamic philosophy clearly identifies eight prior candidates for the donation of Muslims. This gives Muslim clear goals when helping people.

There is a poor level of coordination among *waqf* in China. Hei (2015) pointed out that many *waqf* institutions have limited programs, which only cover one or two specific groups, such as women, children, and the elderly. Some scholars (Hu, 2012; Yang, 2012; Yang, 2016) point out that if the current *waqf* institutions cooperate with each other for long-term projects, the efficiency of *waqf* practice will improve. Current Muslim charities are small, scattered, and chaotic. Being small-scale means the influence of the Muslim charity is limited, temporary, and small. Being scattered and chaotic means it is mismanaged which further limits its efficacy and reflects negatively on its public image and perception of charity (Hu, 2013).

### 3. Research Methodology

The methodology adopted in this paper is the qualitative research method. The exploratory research helps to determine the current management issues and problems as well as exploring the elements of Islamic governance of *waqf* institutions in China. This exploratory research adopted in-depth interview analysis method, and the semi-structured interview method was analysed using the descriptive and interpretive analysis method. The interview analysis method would result in the primary data as the major reference for the study, and the secondary data were gathered from the literature review and practical experience.

The semi-structured interview was designed using self-administered questions divided into general questions and specific questionnaire. Firstly, the general questions cover the interviewees’ information and the fundamental information of *waqf* institutions. It aimed to describe the qualifications and abilities of the sample institutions. The questionnaire was close-ended in order to understand the *waqf* institution and interviewees. Secondly, the specific questions were led by the objectives and questions of this paper. It explores and interprets the major issues of internal management mechanism from the objective perspective of interviewees. The questions are open-ended in order to explore more detailed information of the administrative experience from interviewees.

The purposive sampling model is based on three *waqf* institutions in Ningxia. They are Ningxia Maryam Foundation, Ningxia Jiqing Foundation and Ningxia Women and Children Charity Association. The selected interviewees were from those *waqf* institutions, who hold top management positions and are involved in Islamic governance. Furthermore, all interviewees will mainly receive a phone interview to answer the open-ended questionnaire by Skype application and the interview time is about half hour to forty-five minutes.
Table 1: Fundamental Information of the Interviewees

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Table 2: Specific Questions of the In-Depth Interview

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<th>Theme</th>
<th>Open-ended Question</th>
<th>Interviewee</th>
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| Theme A: the current *waqf* practice environment in China. | 1. What is the position and environment of whole Islamic charity industry in Ningxia province?  
2. What is the issue and trend of development of whole Islamic charity industry in Ningxia province? | Top Manager |
| Theme B: the current situation of management mechanism in *waqf* institutions in China. | 1. What is the concrete management /operation mechanism within the institution?  
2. What are the existing management issues and challenges in the institution? | Top Manager |
| Theme C: national governance of *waqf* institutions in China. | 1. What is the current national oversight mechanism?  
2. What is the current oversight mechanism within the institution? | Top Manager |
| Theme D: Islamic governance of *waqf* institutions in China. | 1. What is the function of Islamic consultant for the organisation?  
2. Where is the balance point between the Islamic and national governance? | Consultant |

4. Findings of Interview

4.1 The Brain Drain

All interviewees pointed out that professional training is necessary for the staff in *waqf* institutions. In fact, many *waqf* institutions have organized some professional training for their staff and managers. Although their specific situation is different, but the loss of talent has indeed become a major problem, like the responders mentioned in the interview.

"The professional training of *waqf* normally takes place one or twice a week or two weeks, depending on the content of training which may need the staff to travel."

(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)
“The waqf institution usually chooses the administrative staff to study during a short time. There is a serious issue that a lot of staff leave after the training. It is hard to retain them in the waqf institution, especially the project managers.”

(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

According to the interview, all interviewees agreed that a successful organisation must use its capital on staff salary to encourage staff to achieve the higher aims of the organisation. Furthermore, there are other external factors as well, such as social morality, trend and social environment.

“The major reason for this situation is the little income.”

(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)

“The interests of Chinese society have changed in recent years. The staff are more like to regard charity as an internship and experience, so it is difficult to retain staff for the long-term.”

(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

The seriousness of this situation is that the charity’s resources will be wasted on internal expenses such as professional training cost, salary, and miscellaneous expense.

“The professional level of their staff is poor, and the development of such waqf institution is slow. For small waqf institutions, the survival conditions are still very difficult, which means the external government leadership is not good enough and the internal human resources are not stable.”

(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

To address the situation, each waqf institution has actively found some countermeasures. But overall, the problem is pervasive, and managers are still trying to find an effective solution.

“The solution is divided into three steps; first, the administrative level should be lead operations such as goods purchase, allocation, and transportation. The second step is to combine with government welfare departments in order to support the benefits and conditions to the staff, such as preferential policies of a mortgage, medical insurance, and pension. It aims to build a good relationship between the waqf institution and staff. The last step is to rely on the support of the law be entering into a legal contract between waqf institution and staff in order to avoid cheating and deception.”

(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

“In our institution, the waqf board decided to use volunteers, especially for the big project.”

(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

4.2 Unstable Performance

Based on the loss of human resource, the unstable performance of managers is divided into three stages. The first stage is the new project manager from the basic staff. The reason for instability is their inability to control and cover every segment of the project, as the basic staff usually work in specific tasks, such as a purchaser, secretary, and accountant, while the project managers take care of all aspects. A similar situation also exists in the middle management elevated from project managers. The second stage is limited involvement of senior management in the actual operation of waqf projects.

“The members of the board usually control the projects using general rules, and some of the directors did not fully participate in the project. The worst situation is that all waqf affairs are handled and controlled by one director or the secretary-general, and the other members only join in the board meeting.”

(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)
“One of the major reason is that the members usually come from other enterprises or companies, whose members also hold a high-level position in the company which needs more time to deal with their own business.”
(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)

“The members of board usually appointed one major director from the board. It means they place their full trust in that director to deal with waqf management affairs.”
(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

Furthermore, those members who did not participate in the management of waqf usually provide charitable resources such as cash, zakat, and temporary services from their company. Based on those elements, the waqf projects are decided to depend on the feeling, emotion, and relationships of the director in charge of every project. This centralisation of management directly affects the internal efficiency from basic level to the board level. The ability of the major director is limited, and the negligence and irresponsible circumstances will not be supervised. The management will become chaotic, which means the board members spend more time and cost dealing with these unnecessary faults.

The third stage is that the quality of volunteers varies. For small waqf institutions, government departments launched the volunteer project for long-term development to play a good social function. Most waqf institutions communicated the project by online promotion, advertisement, and government support. Volunteers are from the various sectors of society, but the main resources are from fresh graduates, idle staff, and retirees. The interviewees were sighed for this situation.

“The number of volunteers is still too small, and the quality of volunteers is low.”
(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

“In general, only the big projects use volunteers, and the scope of volunteers is not enough for ordinary waqf projects. Overall, the performance of volunteers is unstable and incurs too much time and expense for the project design and common management.”
(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)

4.3 Low Qualification

All interviewees the low qualification of waqf management. The stability of the board performance is low. The low qualification characterises the management. The board members are entrepreneurs, and most of the directors have never been involved in managing waqf institutions.

“Everyone is crossing the river by feeling the stones.”
(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

“The formal Islamic charity is a new area for our community, it is different from the traditional mosque model in terms of construction, system, and management. The current management experience has only come from the experience of traditional mosques or the other non-religious charity and NGO practice.”
(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)

“There is a serious point that the current board members involved a few professional religious people, which means the structure of the board of waqf institution is more inclined to secular management.”
(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

The government requires certain qualifications for the waqf construction, such as the legal identity, personal information, and personal background. In general, the qualification of government requirement is satisfied in the current waqf practice, but for the institutional requirements, the interviewees mentioned that there is no rigorous requirement for the qualification of the board and management in small waqf institutions.
The implementation of standards is still low. The existing \textit{waqf} institutions are mostly small and have no specific practical standard. As the interviewees explained that:

“\textit{At the beginning of the waqf practices, the standard is similar to secular standards which only focuses on the target. Factors such as a method of helping, mode of operation, and cost of practice are not considered.}”
(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

“\textit{Many projects used a single way of thinking which provided the cash or money directly without taking into account whether it is suitable to the actual needs of the needy. The amount of funding is not planned and depends on the request of the needy.}”
(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)

“\textit{Some of the recipients would receive help from more than one waqf institution and the waqf institutions do not verify this situation, which means to waste the charitable resources. The recipients rely on these projects to get rich. In some cases, the charity can overlap.}”
(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

Thus, the practical standards are too low and focus on the effectiveness of \textit{waqf} practices and not the quality. No feedback is collected on \textit{waqf} practice. It is more like a unilateral relationship between \textit{waqf} and the recipients.

\textbf{4.4 High Risk of Neglect}

The risk of neglect of waqf managers in \textit{waqf} institutions is high. The interviewees emphasised that:

“\textit{This issue is the main reason for poor management. The reason for this problem is because the ideology is not clear.}”
(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

“\textit{Most of the staff believed that charity is simply a relief activity that does not need a lot of special considerations and attention. In some cases, staffs use resources for their personal use such as using vehicles for personal purposes and invoicing personal expenses.}”
(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)

“\textit{In some waqf institutions, the legitimacy of some fixed assets had not been stated, such as the transport, office, and infrastructure. For instance, some vehicles belonging to a business company are used for the waqf activities.}”
(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

The neglected issue seems to be a small problem, but in practice, it is the most influential factor for efficiency. In fact, different \textit{waqf} managers also try to use the countermeasures in their institution.

“\textit{Because the rules and regulations cannot be fully applied, the actual operation will have some negligence and loopholes, but most of the loss borne by the company.}”
(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

“\textit{In their institution, the rules and regulations of the institution change with the social environment to develop an executable management system opportunely. The institution regulated that if there are some negligence mistakes, the actual loss will be charged to the responsible person, and the higher manager bears 20% of the loss.}”
(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)
“The provisions are a precautionary measure and encourage managers to supervise and inspect.”
(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

4.5 Aimlessness

In recent years, the number of Islamic foundations has grown rapidly. More and more waqf institutions are beginning to become professional and play a greater role in society. As the interviewees described that:

“The substantial increase in the number of charities has a certain capability which alleviated social problems effectively.”
(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)
(Responder C: Liu Zhi, female, chairman, Ningxia Women and Children Charity Association)

“The Muslim social problems have also been greatly improved. However, the growth in the quantity is not necessarily proportional to the quality. The growth in the quantity of waqf institution means it is easier to build and execute an institution in a short-term.”
(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)

In other words, it has a certain blindness characteristic. All of the interviewees pointed out that the charity resources are plentiful, but most of them cannot be used integrally. The charitable resources were not organised, and projects were not planned properly. Further, some staff exploited projects for personal gain. Some companies support the charity projects for tax benefits. Such situations cause aimlessness in charity activities and impede the potential of the waqf.

4.6 Low Persistence Capability

The low persistence capability of the waqf institutions means that the most charitable resources are consumed in a short time. The interviewees emphasised that:

“Some small waqf organisations do not have professional management and operate based on the discretion of the top manager of the mother company.”
(Responder B: Tian Shuai, male, chairman, Ningxia Jiqing Foundation)

“In terms of quantity, the proportion of small waqf organisations is still quite big. Many of such small waqf institutions find it difficult to provide stable charity projects in the long-term and its projects is poor in coverage.”
(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

Consequently, the government data shows that most of such institutions have low transparency levels for their financial statements.

4.7 Tendentiousness

For tendentiousness, on the one hand, it means the waqf practices do not depend on the specific situation but depend on the personal feeling and emotions of managers. This leads to a sense of arbitrariness in the management of waqf that can favour certain classes of recipients over others. On the other hand, external leadership of government can also cause such problems.

“The government did not do a good job guiding the work of small waqf institutions; and in some cases, the projects are shelved or postponed by the government.”
(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)
4.8 Low Coordination Level

All interviewees pointed out that the current waqf projects focus on a specific field and the projects of small waqf institutions are poor. It means every waqf institution only covers one or a few fields, such as the education, orphans, or the disabled. Further, there is poor coordination between waqf institutions. Most organisations are self-run and launch projects in a specific field.

“ Their projects rarely work with other waqf institutions or are coordinated within a small number of government and nationwide projects.”

(Responder A: Ma Liping, female, chairman, Ningxia Maryam Foundation)

For instance, Ningxia Maryam Foundation and Ningxia Women and Children Charity Association are focused on women and children while Ningxia Jiqing Foundation is inclined to education and social problems.

4.9 General Governance

The existing management system of waqf institutions is based on the relevant national laws and regulations. The quality of general governance is a key factor, which can influence the quality of management of waqf. The consultants of such waqf institutions mentioned the relevant laws and regulations of charity are not perfect. Within the waqf institution, the general governance is to meet the minimum requirements of the running system. There are two issues about management that need to be specified in waqf practice.

The first issue is excessive intervention in waqf practices by a dual management mechanism from the government. The registration management and business management reflect a dual management system. In general, the waqf institution need to be registered in Civil Affairs Bureau under the Charity law and regulations of China, but when the waqf projects are running, the specific matters will be managed and supervised by the corresponding administrative organs, such as the Ministry of Finance, Inland Revenue Department, and Ministry of Civil Affairs.

“The relevant laws and regulations have not yet sound under the premise. The declaration of waqf projects is becoming more and more complicated, and there are many cases of decline and delay. In some cases, some important information is not fully disclosed by waqf institutions, and the report has not been updated in a timely manner.”

(Responder D: Yu Xiaoou, female, consultant, Ningxia Maryam Foundation)

“A project should be reported to multiple departments at the same time by the same document or data. There is no authoritative institution specifically responsible for waqf or other religious charity, and the private and spontaneous associations have not been able to achieve a certain degree of supervision, regulation, and macro control.”

(Responder E: Lu Lu, male, consultant, Ningxia Jiqing Foundation)

All consultants indicated that the government departments could not be replaced by civil associations to form a unified management standard for religious charities. Thus, the multifaceted government intervention creates an overlapping management, which wastes resources on useless work, but this is the only mode of operation in recent years.

The second issue is that the management standard is too general, and its classification and standards are disproportionate. The relevant laws and regulations apply to all the charitable groups and do not offer a detailed classification and establish a corresponding management standard. For instance, the law regulating that the management expenses of waqf institution cannot exceed more than 10% of total assets. The project expense must be more than 70% of total assets. The consultants are argued that:

“The 10% management is for all charity institution, but it actually should have been based on the size of the institution. Because each charity has its focus, this regulation limits the efficiency and quality of the management.”

(Responder D: Yu Xiaoou, female, consultant, Ningxia Maryam Foundation)
“The current waqf management model is in line with national standards, but based on this standard, many waqf institutions lack self-improvement.”
(Responder E: Lu Lu, male, consultant, Ningxia Jiqing Foundation)

Small waqf institutions find it difficult to self-improve, and most of them can only choose short-term projects. Islamic charity associations help each establish a unified management standard, but the process is instructed or reported by several government departments.

4.10 Islamic Governance

Waqf institutions cannot abandon Islamic concepts, but due to the special circumstances of China’s national conditions, Islamic governance is not a requirement for government departments. The Islamic governance also has many serious issues, which need to improve. There are two very serious issues that the proportion of Islamic governance is too small in waqf institution, and the level of the Islamic governance is low.

Firstly, the proportion of Islamic governance is too small compared with the general governance of the state. As the interviewees indicated that:

“Because the Islamic governance is self-determined, many institutions give it little consideration.”
(Responder D: Yu Xiaou, female, consultant, Ningxia Maryam Foundation)

“The operation of Waqf is not good enough in term of Islamic governance.”
(Responder E: Lu Lu, male, consultant, Ningxia Jiqing Foundation)

The reason for this is that government regulation is too complicated, and most waqf institutions are primarily focused on the project and not governance. For instance, some small waqf institutions usually use the non-Muslim accountant in the financial department or share the accountant between the private company and waqf institution. The financial system is also based on a secular system due to national requirements, specifically the investment projects, which cannot avoid riba. Waqf in China makes little investments due to limited funds and not being able to bear the risk of having a professional portfolio. Moreover, all consultants agreed that the waqf is inclined to general government governance and it means that Islamic governance has more development space, which can be improved by the waqf.

“From the perspective of major events in the past, the waqf institution which used the Islamic governance may have a higher moral level.”
(Responder D: Yu Xiaou, female, consultant, Ningxia Maryam Foundation)

“The function of Islamic governance is not only to guarantee the efficiency of charity but also to prevent the occurrence of malignant events.”
(Responder E: Lu Lu, male, consultant, Ningxia Jiqing Foundation)

Secondly, the level of Islamic governance is low. The relevant laws and regulations do not stipulate that the institution cannot formulate its appropriate governance system. In fact, the Islamic governance can be improved, but because of the low religious knowledge of waqf, Islamic governance is low.

“Small Waqf institutions rarely consider Islamic governance to increase the productivity of the project.”
(Responder D: Yu Xiaou, female, consultant, Ningxia Maryam Foundation)

“Some secular knowledge and ethics have already been ingrained in the minds of Muslim making it hard to practice Islamic governance concepts.”
(Responder E: Lu Lu, male, consultant, Ningxia Jiqing Foundation)
For instance, some waqf institutions give little consideration to characteristics of waqf resources and assets, such as the ownership, perpetuity, and inalienability. Part of the assets is transferred privately or after sale and not replaced. Moreover, there is no Shari’ah Audit, and Audit Committee, or the Shari’ah Audit is poor. Given this, most waqf institutions in China do not know how to build a professional Islamic governance framework. The consultants of such waqf institution summarised that the professional Islamic knowledge is still scarce and this issue cannot be solved easily. It is regrettable that some Islamic associations have not tried to refine and improve its Islamic governance principles.

5. Conclusion

After the interview, it is not difficult to find that the current issues and challenges of management mechanism of waqf institutions in Ningxia have a certain correlation, which affects waqf practice. Similarly, the situation of the waqf industry has the same correlation caused by many complex factors. The major findings of those issues in management can be categorised into theoretical knowledge, human resources, and macro control.

The theoretical knowledge refers to the correct Islamic waqf knowledge, which includes the rigorous regulations of Shari’ah compliance. From the management model issue to analyses for the structural requirements of waqf, the waqf structure should include a board, Shari’ah Audit Department, and the Monitoring Department. Current waqf institutions only have a board and a small monitoring or supervision department. The supervision department usually has only one or two employees who follow government regulations. They ensure compliance with the secular aspects of the national laws and regulations. There is little consideration of Shari’ah compliance. Another evidence related to the staff level of waqf knowledge is their behaviour. For instance, the tendentiousness issue indicates that lack of Islamic values among staff in terms of morality, responsibility, and duty. In other words, the lack of ideology or awareness is one of the manifestations of lack of theoretical knowledge. In some cases, the chairman of the small waqf institution has too much power in the decision-making process.

Among the issues and challenges in the human resource, the brain drain issue is the most serious as agreed by all interviewees. This is a key factor in triggering a series of linked issues. In fact, most waqf institutions are launched a professional training programme for the staff and project manager, but the efficiency of waqf projects improves little because of the brain drain. It has many impacts such as unstable performance, low qualification, low persistence capability, and high neglect. This issue is like a whirlpool, which continuously creates issues and challenges for waqf. Part of the reason for low viability or low persistence capability is that managers are not in the right position and expenses are too high. Some managers do not have the correct attitude to charity.

To ensure the basic operation of waqf practice, the organisation needs to supplement the management staff. The low qualification issue must be addressed at the administrative level. The interviewees pointed out that the volunteer project and leadership project as an emergency plan for the brain drain issue. The experience of the volunteer community or new staff is not reliable. The secular ideology is also a resistance in the actual operation of waqf, even if the concept of Islamic charity does not conflict with the secular concept. There is unstable performance across the waqf industry. Some projects are training experiences for new managers.

There are both positive and negative consequences of this issue and situation; the positive one has enriched the experience of top managers. The negative influence is that the management cannot form a stable and orderly system. This issue cannot always rely on the leadership to pay attention to human resource issues. After all, the purpose of the waqf is not the internal management system but to help those in difficulty.

Lastly, the issues are focused on the macro control in terms of the general governance, Islamic governance, and board behaviour. The relationship between these three factors is more like a unilateral agreement, which means the waqf practice must meet these conditions before the operation. The national governance guides the practices of a charity and its regulations. All interviewees mentioned that the proportion of national governance is too large without enough consideration of Islamic charity. Its performance is an overlapping management system by many government departments, which means a project needs to go through the corresponding government departments, especially finance and taxation. Despite the double management intervention adverse events still occur. This indicates a large omission in the double governance.

Furthermore, waqf practice is based on the values of Islam to help others. Muslims are the main practitioners of this value. Islamic governance is an indispensable part of the consideration for waqf practice.
However, the issue is that the current Islamic governance of waqf institution in China is too weak. The function of the national governance is too hard partly because the civil authorities do not have a religious governance body. For the consideration of Islamic governance, the understanding of various institutions is also different. For instance, the interviewees indicated that the small waqf institutions usually do not consider religious requirements, such as the morality of staff, illegal income, and ownership of assets. The medium-sized waqf institutions will take these factors into account appropriately but still lack a higher authority like Shari’ah Audit or Audit Committee.

Finally, the board behaviour in the waqf institution is a major issue as the right of a director is too concentrated in some waqf institutions. It means the decision-making lacks democracy or the other directors did not perform their functions well. The interviewees mentioned that sometimes there are directors who work in other institutions at the same time, or some directors are only responsible for fundraising and designate a director to handle the main business. This issue is more like an employment relationship between the board members. The tendentiousness and low coordination level issues are evidence indicating the chaos of the board in waqf institutions.

References


