

## Problems Faced By the *Pondok* Institutions in Funding Development

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### Abstract

Most *pondok* institutions in Malaysia are confronting financial issues. The main financial resources for these 'hut institutions' are still dependent on the contributions made by the society like zakat, waqaf, infaq and donations especially for unregistered *pondoks*. Comparing all four financial resources, waqaf is seen as an instrument that can help the institutions fund their own development. However, not all *pondok* institutions have the capability to develop, generate and sustain their finances through waqaf as they confront various obstacles. Thus, this study carries two main goals which are to identify and analyse issues that are always faced by *pondok* institutions in funding the development. An analysis was carried out using primary and secondary data. The content analysis is used as a tool for the study analysis. The study finding shows that there are five problems faced by the *pondok* institutions in funding the education development namely weak management, low confidence of the society towards the institutions' capability in developing waqaf, financial and legislative issues.

**Keywords:** Issues, Pondok Institutions, Pondok Development Funding

### Introduction

*Pondok* comes from an Arabic word *al-funduq* which means a hostel, a temporary home or dorms (Luqman Abdullah, 2011; Sufian dan Muhammad, 2013). In Indonesia, a *pondok* is known as pesantren and *dayah* (Wazir & Nasir, 2015; Tan, 2014). The 4th edition of Kamus Dewan (2005) defines *pondok* as madrasah (school), hostels, or traditional Islamic learning institutions for the teaching and reciting of Al-Quran. The establishment of *pondok* institutions in Malaysia has been exponential particularly in the states of Kedah, Kelantan and Terengganu when a lot of religious scholars from Pattani migrated to Malaya. However, after Razak Statement (1996) and Rahman Talib Statement (1960) were introduced, the education system

of the Muslim community had shifted to the Malay and English-streamed schools until pondok institutions were becoming more marginalised in Malaya. The conversion of pondok institutions to *Sekolah Agama Rakyat (SAR)* and *Sekolah Agama Bantuan Kerajaan (SABK)* has also led to the deteriorating status of pondok institutions in Malaysia.

The pondok education system is among the oldest Islamic education system in the world and most of them are waqaf education institutions. Most pondok institutions in Malaysia are based on waqaf but due to some problems, these waqafs are not generated and developed by pondok institutions the best way they could. Therefore, this study spearheads two main objectives. First of all, identifying problems faced by pondok institutions in funding the development of education. Secondly, analysing issues faced by pondok institutions in their funding. This current work also discusses literature review, study methodology, analysis and conclusion related to the issues faced by pondok institutions.

### **Past Studies**

Based on the previous studies, there are several factors identified that have become the issue to the development of waqaf funding in pondok institutions. Among the issues faced by pondok institutions in Malaysia for sustainability is from the angle of the lack of finance. Based on the study done by Ramli and Bakar (2013), pondok institutions in Malaysia depend on permanent resources like land and waqaf buildings for the sustainability of the pondok education. This work is strengthened by Hashim, Rufai dan Nor (2011) who performed a comparative study between pondok institutions in Malaysia and pondok pesantren in Indonesia. Pondok institutions in Malaysia have deteriorated because they only get financial resources through the contributions of the Islamic community like donations, infaq, zakat and waqaf and they do not have a systematic education. However, compared to the pesantren in Indonesia, the demand for entry to the pondok pesantren has been on the increase every year and it is estimated that there are 17000 pondok pesantren in Indonesia. Looking at the success of the pondok pesantren in developing the sector of education in Indonesia, the Asian development bank has provided financial assistance to help facilitate the education system in pondok pesantren. The education system in pondok pesantren is different from the education system in the pondok in Malaysia because it does not stress on the studies in the religious field alone but also encompassing studies in the academic fields(Lukens-Bull, 2010).

Huda (2009) in her study on administrators of pesantren in Tebuireng and Gontor shows that administrators in both huts have high awareness towards the generation of pondok institutions fund through waqaf. Although there are obstacles in promoting the generation and development of waqaf, looking at the history and background of pondok in Indonesia, it shows the importance of waqaf in the development of a pondok. This is evidenced through the works by Hilmiyah et al. (2013), Pondok Moden Darussalam Gontor (PMDG) is one of the pondok institutions that have successfully generated the finance through the empowerment of waqaf properties. Among the implementation of productive waqaf in PMDG we have the expansion of waqaf land by district, the assets of waqf land rented for returns and managed privately. The rental returns of waqf land for the public community have given great returns to PMDG. This shows that, the development of waqf productively in various forms of economy can generate the economy of the institutions continuously.

### **Study Methodology**

In this current work, researcher adopts the explorative study design. The work employs the collection of primary and secondary data. Primary data is obtained through an in-depth interview with heads of the pondok institutions (M001-M012), academicians (PA001-PA004) and waqaf experts (PW001-PW002) whereas secondary data is gathered through library study, articles, theses, journals, books, newspapers and websites containing information related to the study. The information obtained through the primary and secondary data will be analysed using the content analysis approach.

### **Analysis Of Issues Surrounding Development Funding In Pondok Institutions**

In the effort to make waqaf the funding instrument of the main development in pondok institutions, there are still several emerging issues. This issue has become the obstacles to the funding of waqaf development in pondok institutions. Four issues faced by the institutions in funding the development through waqaf are weak pondok management, the lack of confidence for the public in the capability of the pondok institutions in developing the waqaf, financial issues and legislative issues.

### **Pondok Administration and Management**

Waqaf administrators are the prime mover of waqaf assets as mandated by the persons doing the waqaf. Generally in Malaysia, Majlis Agama Islam Negeri (MAIN) plays the role as the sole trustee and the responsible agency that manages and administers waqaf assets in every state including from the aspect of working on the waqaf assets, collecting the outcome, asking for the rental for inhabited properties and so on. At the level of the pondok institutions, the management is the trustees held responsible in managing and developing waqaf accepted from the public. Most pondok institutions appoint several trustees to ensure that waqaf assets are managed well and the issue of asset abuse can be avoided.

Nonetheless, in the effort to develop and generate waqaf assets, the pondok administration confronts various issues about the management and administration of waqaf among which are the issues of the lack or the shortage of trained staff and expert in managing matters related to the management of institutions and finance. Among the factors identified are the division of tasks between the management of pondok institutions also leading to the generation and that the development of waqaf in pondok institutions is less efficient and systematic. Other than that, weak and disorderly management also causes the pondok institutions to not be able to develop waqaf efficiently. To ensure that the generation and development of waqaf in pondok institutions can develop the best way possible, pondok institutions require an effective development, that can help the management in generating and funding its development. To increase the level of efficiency in the administration and development, pondok institutions not only have to be managed by staff in the religious fields only, but also professionals. PP001 has this opinion;

The management of pondok institutions also does not have an expertise in helping pondok institutions in generating the economy. Therefore, there needs to be young people and also experts to help these pondok institutions in the management aspect”.

This is also emphasised by Ahmad Zaki Abd Latif et.al (2008) who stated that to help strengthen the management of waqaf property, the management needs to get expert help,

those who have academic qualifications to know the right way of managing the waqaf. The different kinds of expertise in an organisation should be able to produce the best planning and resolution in the management. To sustain and enhance the skills in every aspect, pondok institutions need to fully utilise the existing skills and experts available. Also, it is also important to have a line of experts and professionals to help the educators to become more competitive in the scope of development funding. Among the forms of expertise required in the funding include management, finance, assets, legislation, accounting and so on.

The management of pondok institutions must also be based on Islamic values. Employers and workers who practice Islamic concepts and values make themselves quality and thus form a quality administration. The value of trustworthiness in managing waqaf properties contributed by the society must be instilled in the administrators of the pondok institutions. M002 and M008 asserted,

“In terms of waqaf management, there needs to be a sense of trustworthiness with Allah and a sense of honesty with tasks assigned. There should be a great management, but we fail to stay honest with Allah. We promise ourselves to be honest and then we do it and execute the mandate the best way possible”.

“Any center, or institutions when given the mandate to manage waqaf, must manage it well, so that it will benefit at its maximum. When used well, the benefit will be ongoing. If it is neglected, abandoned, then the waqaf payers will be the most unfortunate”.

Based on the statement above, the value of trustworthiness in managing waqaf assets needs to be emphasised by the waqaf management. This is because the asset of waqaf is the property that is mandated by the society to the management for them to manage and spent wisely. Apart from that, to ensure that the management runs systematically, Hassan Al-Banna Mohamed, Ab. Mumin Ab. Ghazali and Siti Arni Basir (2013) opined that, the concepts of insaniiyyah, syura and istiqomah influence the administrators and workers in motivating themselves to increase work quality and productivity in the organisation. This is because, management that rests upon Islamic values aims to achieve the state of *mardatillah* (the blessings of Allah SWT) and not to achieve worldly goals only.

### **Laws**

In Malaysia, the waqaf asset is placed under State Islamic Administrative laws allocating that MAIN is the trustee for all waqaf assets be it general or specific waqaf. MAIN also plays the role in managing general nazar and khairat in the state for the development and wellbeing of Muslims. Nonetheless, most pondok institutions in Malaysia do not register their waqaf assets to MAIN. Among the factors that have been identified are, the pondok administrators wish to manage and generate waqaf privately without being attached to any party, as pondok institutions are not confident with MAIN's capability in managing pondok waqaf and they do not have detailed information about the need for waqaf to be registered, to MAIN. Other than that, the weakness of MAIN in encouraging pondok institutions to register waqaf is that the issue of waqaf registration among administrators of pondok institutions has yet to be resolved successfully.

In general, most pondok institutions manage and generate waqaf privately and they are not authorised by MAIN. The pondok administrators are the trustees, responsible in managing and administering waqaf assets mandated by the society. From the legislative aspect, although the administrators have the rights to develop waqaf assets privately they cannot disengage themselves from the authority because the sole trustee for waqaf management is MAIN. This is because the pondok administrators only play the role as nazir while MAIN plays the role as mutawalliin matters related to waqaf. The policy of publicising waqafi introduced by MAIN sees MAIN overseeing the institutions developing and generating waqaf assets that need to be broadened to every state at every level. This is to ensure that the development done follows the right channel and follows the waqaf laws. To execute this policy, MAIN has to cooperate with every party especially pondok institutions in ensuring that MAIN and pondok institutions are consistent in generating waqaf development. This method is also automatically encouraging waqaf development, other than automatically encouraging pondok institutions to register pondok waqaf to MAIN.

### **Level of Confidence**

The issue of the public's level of confidence about the institutions' capability to generate waqaf is among the problems that cannot be neglected. Their level of confidence depends on several things, for instance the approach used, the transparency in waqaf management and the image of the institutions themselves.

In their effort to fund the development through business and so on, some of the pondok institutions still fail to convince the public to generate their pondoks' economy. One of the reasons for this is based on the approach adopted. There are few pondok institutions that exploit students to collect some donations and waqaf and automatically this will cast some doubts among the society to be involved whether in contributing the fund for the economic development of the pondok.

Confidence is also influenced by the transparency of the pondok institutions in managing waqaf contributions. Their success in developing waqaf after the contributions are made is one of the indicators of the institution's level of transparency. Some management does not make use of the waqaf contributions and the donations from the public, causing them to experience the lack of faith or confidence in the fact that the contributions are channeled the way they should. The institutions' failure in generating and developing the waqaf received has reduced the public's confidence in continuing to help the pondok institutions in the financial aspect. This is agreed by PA002 who states,

“The confidence of the people depends on the quality of the waqaf management”

Based on the above statement, people are confident about doing waqaf when pondok institutions are seen capable to develop the waqaf. To obtain people's support in generating waqaf, the institutions have to have some products and services to be market. Marketing plays a very important role in introducing the institutions to people outside the area. The marketing of products and projects requires a strong, well-arranged strategies to ensure that the fund generated is successful and progressive. The success in developing waqaf will not only boost the confidence of the people to make waqaf to the institutions but it will increase

the image of the institutions. It can be concluded that image thrives as among the main factor to increase the public's level of confidence to enhance the effort in developing waqaf in the institutions.

### **Finance**

In discussing the issue of pondok institutions in generating and developing waqaf, the limited financial resources stand as among the main issues faced by the pondok institutions. Normally, most waqaf institutions only obtain financial resources from the State Islamic Department, MAIN, the help from the State and Central Government, waqaf properties, people's donation, zakat and student fees. Although these resources are in abundance, they are still insufficient to make complete facilities (Ahmad Zaki Latiff, Norzaidi Daud dan Zuina Ismail, 2008), at the same time indicating that waqaf generation and development require great and strong funding. This is crucial for a pondok institution. Due to this financial restriction, pondok institutions need to make the effort to generate their own funding without anticipating for any help from any parties.

Kamarulzaman (2005) finds that, the development of waqaf asset requires high financial resource and the amount is great. As the original aim is to give benefit to the society, a great fund is needed to develop the asset so that it continues to grow. For pondok institutions that have financial constraints, the mudhrabah and musyarakah approaches are seen to be among the approaches applied to ensure that the waqaf generation can be executed. PW001 views that, most waqaf institutions have enough fund and resources to develop, and yet they do not have the knowledge to do so. This is because most of the responsible parties, those with Islamic background are not normally exposed to matters related to the economy, marketing and so on. Thus, in the effort to increase waqaf fund, pondok administrators need to ensure that the fund received can be expanded and commercialized privately or in collaboration with other parties.

### **Conclusion**

The success of several educational institution ssuch as Al-Azhar University in Egypt and Pondok Moden Darussalam Gontor (PMDSG) in Indonesia in managing and developing sustainable waqaf can serve as guidance to thepondok institutions in Malaysia to do the same. In confronting the issues of funding the development ofwaqaf, pondok institutions have to ensure that all four elements can be improved to ensure that the funding of the developmentcan be executed properly. Also, this approach can also make theinstitutionsbecome more creative in better using and getting the benefit from the waqaf assets.

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