

**FINANCIAL MANAGEMENT OF MOSQUES IN KOTA SETAR DISTRICT :
ISSUES AND CHALLENGES**

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of the requirements for the degree of Masters of Science (Finance)
Universiti Utara Malaysia

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I certify that any help received in preparing this thesis and all sources used are acknowledged in this thesis.

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ABSTRACT

Mosque is one of the most important institutions in the Islamic community. Financial management of mosques is one of the main issues that has come to the forefront, and caught attention of many people. Good financial management practices not only be valued in terms of recording and reporting financial transactions but also how to obtain and to manage funds effectively. The main objective of this study is to find out the management practices of 40 mosques in Kota Setar district in terms of their collection system, source of fund, recording and reporting system. The study also identifies their strengths and weaknesses in financial management. 160 questionnaires were distributed to the mosques committee in 40 mosques to identify their opinions toward the uses of funds collected and the quality of financial management in their mosques. 97 questionnaire (60.6%) were received and have been analyzed. Findings indicate that the main sources of funds for mosques is collection from the public. The collection on Friday contribute major income for mosque as well as from other sources such as from wakaf property. In terms of recording and reporting financial transactions, mosques in Kota Setar appear to have strong internal control procedures for the receipt of income. However, they need to improve the internal control procedures in the areas of reporting of financial information with regard to the mosque funds. The findings also show that all the selected demographic characteristics (age, level of education, employment, position of mosque committees, and location of mosques - urban/rural areas) did not significantly differ from one mosque to another. In terms of their perception or opinion on financial management practices in the mosques. The study has identified that the major issue faced by the mosques is the lack of efforts to invest the mosques's funds into more economic and productive activities. Hence, future challenges are immense. In this thesis, we contribute several suggestions (based on our findings) to further improve the financial management of funds in mosques.

ABSTRAK

Masjid merupakan satu institusi penting dalam komuniti muslim. Pengurusan kewangan di masjid merupakan antara isu penting yang mendapat perhatian banyak pihak. Amalan pengurusan kewangan yang baik tidak hanya dilihat dari sudut pencatatan urus niaga kewangan dan pelaporan sahaja tetapi juga dilihat dari sudut bagaimana mendapat dan mengurus dana dengan berkesan. Objektif utama kajian ini adalah bertujuan untuk mengkaji amalan pengurusan kewangan di 40 buah masjid di daerah Kota Setar dari sudut sistem kutipan yang dijalankan, sumber dana, sistem merekod dan melaporkan urusniaga kewangan. Kajian ini juga bertujuan mengenalpasti kekuatan dan kelemahan dalam pengurusan kewangan di masjid-masjid tersebut. Sejumlah 160 borang soal selidik telah diedar kepada Ahli Jawatankuasa Masjid di 40 buah masjid tersebut untuk mengenalpasti pandangan Ahli Jawatankuasa Masjid terhadap penggunaan dana dan kualiti pengurusan kewangan di masjid mereka. Sebanyak 97 borang soal selidik (60.6 %) telah dipulangkan untuk dianalisa. Hasil penemuan menunjukkan bahawa sumber utama perolehan kepada masjid adalah melalui kutipan dari orang ramai. Tabung jumaat menyumbang pendapatan terbesar kepada masjid di samping sumber-sumber lain seperti harta wakaf dan sebagainya. Dari sudut pencatatan dan pelaporan urus niaga kewangan, masjid melaksanakan prosedur kawalan dalaman dengan baik. Walau bagaimanapun masjid-masjid perlu membuat penambahbaikan dari sudut pelaporan maklumat kewangan tentang dana masjid. Dapatan kajian juga menunjukkan bahawa kesemua ciri-ciri demografik terpilih iaitu umur, tahap pendidikan, pekerjaan, jawatan dan lokasi masjid (bandar/luar bandar) tidak mempengaruhi dan menunjukkan perbezaan secara signifikan antara masjid-masjid tersebut. Dari sudut persepsi atau pandangan responden terhadap amalan pengurusan kewangan di masjid-masjid, kajian menunjukkan bahawa isu utama yang dihadapi oleh masjid ialah kekurangan usaha untuk melabur dana masjid dalam aktiviti-aktiviti yang lebih ekonomik dan produktif. Oleh itu, cabaran pada masa hadapan adalah besar. Dalam tesis, ini kami telah mengemukakan beberapa cadangan (berdasarkan dapatan kajian) untuk penambahbaikan pengurusan dana kewangan di masjid-masjid.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter presents the background to the business research, research problem, research objective, significance of the study, scope and limitation and organization of the research.

1.1 Background of the Study

Mosque is one of the most important institutions that exist in the Islamic community of today. It serves many purposes other than as a place of worship. It is also a place for communal gathering of the Islamic community members, as well as a place for holding various religious ceremonies and rituals, such as the *akad nikah* (wedding ceremony). Mosques are also places where religious studies take place, and where the younger generation of Muslim children would go for their religious training.

However, a mosque was used for even more activities in the past. It dates back to the era of the Prophet Muhammad (Peace Be Upon Him – S.A.W.) where it functioned as a place of worship, centre of governance, centre of public relations, a place for conducting court sessions, and many other functions (Lokman Abd Rahman, Musa Ahmad 1996). Its importance is paramount in Islam, and this was clearly illustrated by the first action of the Prophet Muhammad (S.A.W.) when he

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Directions for future research should include a widening of the research scope to a larger population so that it would better represent the actual picture about the financial management quality and system in other mosques. In this study, respondents are mosque committee, thus to enhance better outcomes perhaps more valid generalizations of the present results could be made relating to the perspective of the *kariah* members and other professional groups.

Future research could also be undertaken to gather additional information by making comparisons to other religious institutions, like the *Zakat* department, *Wakaf* department, Haji fund, and other mosques throughout Malaysia and in other Muslim countries in the world.

This study was static in type and examined the characteristic and perception of mosque committee at one point in time. Longitudinal types of study, which examine *kariah* members behaviour over a period of time (for example from the aspect of collecting money for the mosque fund during harvesting seasons and others) are hoped to be able to enrich this topic of research. To this end, it would also be very useful to find out what other factors that could arise in making mosques as equally active as worshipping place and economic centers to generate better wealth and economic value for the benefit of Islam Ummah.

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