

INSTITUTIONALIZATION OF HAJJ SAVINGS PLAN FOR THE MUSLIM EMPLOYEES OF THE MINDANAO STATE UNIVERSITY – TAWI-TAWI COLLEGE OF TECHNOLOGY AND OCEANOGRAPHY: A NEED-ASSESSMENT SURVEY

Najeeb Razul A. Sali^{1*}

¹College of Islamic and Arabic Studies, Mindanao State University

*Corresponding author (Email: prof.sali.files@gmail.com)

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Abstract: *This study empirically assessed the needs to institutionalize hajj saving plan for MSU-TCTO Muslim employees. Participated by employees of the College of Islamic and Arabic Studies of the MSU-TCTO, it used quantitative research method. The findings revealed with an overall mean score of 4.15, it indicated that they all agreed on the idea of institutionalize hajj saving plan in MSU-TCTO. Regression analysis showed that with p -value = .03 it suggested that only gender was found significant indicator on the likelihood that they were willing to be member-contributor. With $\beta = -1.27$, it meant that there was a 1.27% higher chance that male participants agreed to join than their female counterparts. It concluded that all participants demonstrated their willingness to be part the plan in the university and it recommended.*

Keywords: Islamic Finance; Economics of Hajj; CIAS, MSU-TCTO

INTRODUCTION

The fifth pillar of Islam is hajj (pilgrimage to *Makkah*) (Raj, 2015; Sarif, 2015) and is the least talked about issue among Muslim scholars not only due to partly because of the fact that it is practiced mandatorily only once in a lifetime but also because it is only obligatory to those who can afford to perform the journey. Practically, not all Muslim are affected by the mandates of *hajj* in as much as other pillars of Islam do on a life of a typical Muslim. With limited discussion about hajj, specially, among Muslims in the Philippines, it is easy to neglect the potential benefits of hajj both to the will-be *hajji* himself (Makhmoor, n.d.) as well as its economic benefit to place of destination, being *Makkah al-Mukarramah* (Acar, 2018) but more importantly the potential economic benefits of hajj saving scheme to their home country of origin.

Although Philippines is mostly populated by non-Muslims, almost all (99%) of the local residents of the province of Tawi-Tawi in the country are Muslims and just like any Muslim elsewhere, all dreamed of completing the fifth pillar of Islam and perform pilgrimage to the Holy Land. In Tawi-Tawi also, shines the leading government educational institution in the province that employs Muslim majority personnel. Just like any typical Muslim, all wishes to partake in performing *hajj* during their stay but mostly after their retirement from

MSU-TCTO. This study investigates the *fiqhonomics* of *hajj* and empirically analyze the possibility of having an institutionalized hajj saving scheme for Muslim employees of Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO). This study is just one of the series of researches to be conducted on the same subject matter with the aim of investigating a broader and much interesting hajj fund management in various forms and shapes as it intended to become the long-term extension service of the MSU-TOTO's College of Islamic and Arabic Studies.

As existing practice of hajj fund management in Malaysia, Indonesia and Maldives have proved to help boost economic growth of its host country, this study hopes to examine the dynamics of hajj fund management in the Philippine context specially as applied in the context of MSU-TCTO as it is expected to generate economic gains for MSU-TCTO, train and develop experience and thereby expertise among MSU-CIAS personnel and lastly letting hajji, in this case, MSU-TCTO retirees enjoy comparably fast-free but more importantly an opportunity for the Mindanao State University to payback as a tribute for their retirees after their outstanding service to the university.

REVIEW OF RELATED LITERATURE

In an article about Analysis of Investment for Hajj Funds from Islamic Law Perspective by Farmi, the author wrote that in Indonesia as the largest Muslim nation with about 250 million Muslims that faces a significant demand from those who want to perform the Hajj, it is seen to have a significant financial impact on the country's economy. The Islamic Community Perpetual Cash are initially supposed to receive any excess funds kept by the Department of Religion (Dana Abadi Umat). With this, the nation's hajj (Muslim pilgrimage) fund is currently being considered by the government as a potential source of infrastructure funding. This raises the question of whether or not Indonesian infrastructure can be funded with hajj funds project. The study's goal is to analyze the investing of hajj monies from the standpoint of Islamic law. The study's findings show that using hajj fund for investment is acceptable in Islam as it did not violate the principles of Islamic law (Fahmi, 2017).

In a rather extensive investigation of Muheramtohad using qualitative descriptive approach in research about the use of Hajj fund for investment purpose: a maqashid sharia approach, it author found that the use of the Hajj fund for investment purposes is justified by all Islamic organizations in Indonesia, particularly MUI (Majelis Ulama Indonesia/Indonesian Ulama Council).

In the case of Malaysia, the management of hajj fund is entirely within the purview of Badan Pengelola Keuangan Haji (BPKH). However, the current concern in Malaysia is how to oversee the management of the funds, which have exceeded \$100 trillion. The monitoring of these funds management is not easy, in part because the funds come from the *ummah* and belong to the *ummah*, particularly the pilgrims. As a result, the benefits should be given back to the pilgrims in order to represent the ummah and for the benefit of the people and nation. In this regard Maulid and Amirsyah conducted a study which purpose was to describe the National Shariah Board's fatwa No. 122 addressing the management of BPIH and Special BPIH funds if it is in accordance with Islamic principles. It also examines whether the management of Hajj pilgrimage funding costs (BPIH) is covered by the fatwa. The study used qualitative data. The research that produces descriptive data in the form of non-numeric data, which is a symptom, data information, based on facts obtained from the field, then conclusions

are drawn. The outcome demonstrated that the DSN-MUI fatwa was followed in managing the hajj pilgrimage costs (BPIH). The Law No. 34 of 2014 emphasizes that the management of hajj funds must comply with sharia principles, namely the sector that is avoided from *maisir*, *gharar*, *usury*, and other. It further indicated that hajj fund management in Malaysia was in accordance with sharia because the government invested these funds on the halal sector of business industry in the country (Maulid & A Amirsyah, 2021).

To determine the best Hajj fund management portfolio for Islamic banks. Pritiwi, Fahim and Ismal looked into various ideal portfolio choice, this includes the *mudarabah*, *musharakah*, *murabahah* and other modes of Islamic financing. The mean-variance portfolio optimization theory is employed in this work to create such a perfect stock portfolio. As the ideal portfolio choice, their study advises Islamic banks to use *Murabaha* financing and SBIS. Because of the limitations imposed by the expectation, the combination of an effective portfolio that has developed cannot be completely utilized. But Islamic banks can still choose the best portfolio mix based on their risk tolerances (Pratiwi et al., 2019).

This paper is similar to the above-cited studies as it also seeks to encourage aspiring pilgrims to save their funds in an institution in this case, with the will-be institutionalized hajj savings scheme in the Mindanao State University – Tawi-Tawi College of Technology and Oceanography (MSU-TCTO) in the Province of Tawi-Tawi, Philippines.

MATERIALS AND METHODS

This study utilized quantitative method of research which made use of descriptive and inferential statistics. The institutionalization of the hajj saving plan is intended to be overseen by the MSU-TCTO and which will be directly under and administration and supervision of one of the six colleges of the university, the College of Islamic and Arabic Studies (CIAS). Hence, this preliminary survey was conducted initially in the said college and were participated by all of its personnel from the topmost down to the lower levels of each department.

The instrument used in this study was a research-made survey questionnaire consisting of 14 checklist perception statements. Each statement was answerable with 5-point Likert scale and the participants were asked to respond using either strongly agree, agree, undecided, disagree or strongly disagree to the corresponding perception statements provided. After carefully designing the research instrument to assure only relevant data from the participants is gathered that includes one bait item, in this case, perception statement no. 5 which was intentionally included with contrasting response pattern to assure the participants actually read and understand the research instrument before they put in their response. Further, to assure internal constancy and reliability, the instrument was subjected to pilot testing where it scored .83. Being $\alpha > .70$, it suggested that the research instrument was within the category of a 'good' research instrument for being reliable and having internal constancy (Bonett & Wright, 2015; Park, 2021). The actual data gathered from the research participants was coded, tallied and analyzed using the Mean Range to get their level of needs to institutionalize the hajj fund for Muslim employees of the Mindanao State University in Tawi-Tawi, Philippines. Apart from mean range, the author also looked into the differences in response among socio-demographic profile the participants it also used regression analysis that investigated the role played by their profile and its effect on their response to statements relating the hajj savings plan

institutionalization. In the analysis the author made use of RStudio statistical programming software.

RESULTS AND DISCUSSIONS

Table 1: Mean Scores of the Need-Assessment Survey Result

ITEM NO.	PERCEPTION STATEMENTS	MEAN	REMARKS
1.	Saving money to perform hajj, is what I intend to do.	4.55	Strongly Agree
2.	I want to perform hajj after retirement from MSU	3.55	Agree
3.	Halal income/savings may entirely become haram once polluted with haram regardless quantity.	3.91	Agree
4.	Money used to perform hajj should only be from a pure and clean money (halal).	4.91	Strongly Agree
5.	In order to gain dividends from retirement insurance company, my retirement savings from them were invested in business ventures where some may not be Islamic. (e.g. gambling, liquor etc.).	2.45	Disagree
6.	If there is alternative to save money for hajj that offers halal savings, I want to be a member and save my money with it.	4.36	Strongly Agree
7.	I want a hajj savings scheme that includes helping me for passport and visa processing too.	4.36	Strongly Agree
8.	I want a hajj saving scheme that offers comparably lower payment rates for the Amirul Hajj/Murshid (sheikh).	4.27	Strongly Agree
9.	Remittance for monthly contribution should be automatic payroll deduction for on-time and regular contribution.	4.36	Strongly Agree
10.	Withdrawal from membership and their contribution should be made available should the member wishes to.	4.45	Strongly Agree
11.	There should be transparent information about institutions activities to avoid doubts and malpractices.	4.36	Strongly Agree
12.	Should the institution plan to mobilize the funds, the owner of the fund should be notified and eventually provided with incentives for his consent.	4.09	Agree
13.	Should fund mobilization is agreed between both parties it should be used in an Islamic business venture only.	4.27	Strongly Agree
14.	I would like to be a member-contributor of the Hajj Savings Plan established in MSU-TCTO to help me save halal savings for my hajj to Makkah after my retirement.	4.27	Strongly Agree
OVERALL MEAN		4.15	Agree

Table 1 shows that the research participants *agreed* on the perception statements: “*I want to perform hajj after retirement from MSU*” with a mean score of 3.55, also on statement: “*Halal income/savings may entirely become haram once polluted with haram regardless quantity.*” with 3.91 mean score, and “*Should the institution plan to mobilize the funds, the owner of the fund should be notified and eventually provided with incentives for his consent.*” with total mean of 4.09. While the same participants *strongly agreed* on the following statements: “*Saving money to perform hajj, is what I intend to do.*”, “*Money used to perform hajj should only be from a pure and clean money (halal).*”, “*If there is alternative to save money for hajj that offers halal savings, I want to be a member and save my money with it.*”, “*I want a hajj savings scheme that includes helping me for passport and visa processing too.*”, “*Remittance*

for monthly contribution should be automatic payroll deduction for on-time and regular contribution.”, “Withdrawal from membership and their contribution should be made available should the member wishes to.”, “There should be transparent information about institutions activities to avoid doubts and malpractices”, “Should the institution plan to mobilize the funds, the owner of the fund should be notified and eventually provided with incentives for his consent.”, “I would like to be a member-contributor of the Hajj Savings Plan established in MSU-TCTO to help me save halal savings for my hajj to Makkah after my retirement.” with a mean score of 4.55, 4.91, 4.36, 4.36, 4.27, 4.36, 4.45, 4.36, 4.27 and lastly 4.27 respectively.

Conversely, they *disagreed* on perception statement item number 5: “In order to gain dividends from retirement insurance company, my retirement savings from them were invested in business ventures where some may not be Islamic. (e.g. gambling, liquor etc.).” with a 2.45 mean. This study intentionally included perception number 5 as a reliability and research instrument internal consistency measure to ascertain that the instrument used in this study is of good quality. As a result, despite that the participants responded on the agree side of the instrument they particularly disagreed on perception no. 5 indicating that the participants carefully read and understood every perception statements used in this study.

Further, with over all mean score of 4.15, this study found that the employees of the Mindanao State University – Tawi-Tawi College of Technology and Oceanography specially the prospective college under the university which is targeted to oversee the hajj savings and management fund, the College of Islamic and Arabic Studies, *agreed* to be member-contributors of the will-be first and only Islamic financial institution of this kind in the university and in the province as a whole.

This implies that the college *agreed* on the idea that institutionalization of hajj savings plan for Muslim employees is needed in the university. With some of the salient features of the hajj saving plan indicated in the perception statements provided to the participants during the survey, they must have seen the potential economic benefits of the plan and wants to participate in exploring how can it be of help the people as the plan includes not only securing on-time and consistent savings for hajj among member-contributors and ease of performing hajj it also contains aspects where the portions of the accumulated fund may be used for investment purposes following the murabaha, mudaraba, musharakah or any other mode of financing which are in compliance with the injunctions of sharia. The proceeds from any of those Islamic mode of financing can be used to sustain the maintenance and operating expenditure of the program itself in the first few years of its operation and as it grows larger, some of the excess may be used to help finance and uplift the economic wellbeing of the people in the society.

Table 2: Test for Significant Difference between Male and Female Participants on their Level Agreement to Institutionalize Hajj Savings Plan for MSU-TCTO

Test Variables	Mean	Std. Div.	Mean difference	DF	<i>t</i>	<i>p</i> -value
Male participants	4.8	.44	.97	.27	2.63	.02
Female participants	3.83	.75				

Test for significant difference between two variables was run to ascertain the difference in response between the male and the female participants of this study. Table 2 indicates that male participants ($M=4.8$, $SD=.44$) is found to have higher mean score indicating that they agree more than the female ($M=3.83$, $SD=.75$), further analysis revealed that with $t(8.27) = 2.63$, $p\text{-value} = 0.02$. Being $p < 0.05$ alpha level of significance, it suggested that the difference in mean score between the male and female participants on their level of agreement to have the hajj savings plan for MSU-TCTO is statistically significant.

Table 3: Regression Analysis (Dependent Variable: Perception Statement no. 14 against Independent Variables: Age; Gender; Civil Status; and, Length of Service in MSU-TCTO)

Variables	β	Std. error	t value	p value	Code
(Intercept)	6.8013	1.0061	6.76	0.000511	***
Age	-0.1128	0.2007	-0.562	0.59438	
Gender	-1.2737	0.4628	-2.752	0.033193	*
Civil Status	-0.5138	0.4783	-1.074	0.323936	
Length of service	0.2755	0.2255	1.222	0.267698	
Signif. codes: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1					

Table 3 revealed that with independent variables age, gender, civil status and length of service tested against dependent variable perception statement no. 14 being “*I would like to be a member-contributor of the Hajj Savings Plan established in MSU-TCTO to help me save halal savings for my hajj to Makkah after my retirement.*” Linear regression analysis revealed that only independent variable gender was found statistically significant with a p -value .03 being $p < .05$ alpha level of significance. Furthermore, since no. 1 was the code for male and 2 for female in this study, a negative sign indicating negative correlation on the beta coefficient (β) = -1.27 suggest that chances of agreeing to be member-contributor in the scheme increases are found in male participants compared to their female counterparts.

It suggested that male, despite knowing that this will be the first attempt for a relatively inexperienced institution to save and manage hajj fund, they there are more of them who agree to be member-contributor and take the risk. It inferred that men are more willing to take financial risk than females. This finding is in consistent with the study of Charness and Gneezy in article entitled: “Strong Evidence for Gender Differences in Risk Taking” were they found a very consistent result that women invest less, and thus appear to be more financially risk averse than men. (Charness & Gneezy, 2012). This findings that men were more risk taker than women was further verified in Fogel & Nehmad, 2009; Wilke et al., 2006.

CONCLUSION

This study attempted to empirically asses the possibility of hajj saving scheme to be institutionalized in MSU-TCTO. Although the immediate objective of the study was just to see how receptive the employees are on the possibility of having an institutionalized hajj savings plan, the ultimate objective of this project is to contextualize the economics of hajj in MSU-TCTO and the province with the aim of making it as a working-model for the Philippines as a whole.

Literature survey in this study revealed that in a hajj saving scheme, it suggested that while the accumulated hajj fund is in the custody of an institution that manages it, it is

permissible in Islam to have some of the funds be invested in a business venture on a condition that the fund owner was made aware of it. The venture may follow the principle of *murabaha* or cost-plus financing where the institution invests some of the hajj fund to finance the acquisition of something and sell it to the customer to gain profit. The proceed from the venture will be kept by the institution and the hajj fund owner will be given financial incentive for his consent. This incentive is commonly referred in Islamic banking as *hibah* or gift. The fund may also be invested in a *mudaraba* financing model also permissible under the teachings of Islamic finance where the fund owner (*rabb al-mal*) provides the capital and the entrepreneur (*mudaribh*) utilizes the funds. At the conclusion of the contract, the *rabb al-mal* and the *mudaribh* will share the profit generated for the venture where the profit ratio was already pre-determined by the contracting parties. Part of the conditions also is and that the funds was ventured in a sharia-compliant business venture meaning it is should not be invested in unethical and immoral business ventures.

Participated by the employees of the College of Islamic and Arabic Studies (CIAS) as the leading unit of MSU-TCTO to manage it, should this be realized, it is found that the personnel agreed on the idea of institutionalization of hajj saving scheme in MSU-TCTO. Male responses were statistically significantly different from the female. Lastly, all though both genders agreed to be member-contributors, male personnel have higher mean score and tend to agree more to be member-contributor of the scheme as compared to their female counter parts.

RECOMMENDATIONS

On the basis of the conclusion of the study the following are hereby recommended, that:

1. There should be a wider sample size comprising reasonable number of participants not only from among the College of Islamic and Arabic Studies but to include some research participants taken from other colleges within the university as well as from the personnel of the academic support services of the same university if the project is to be extended among all employees of MSU-TCTO.
2. To gather more meaningful findings a different research method under similar topic should be conducted to substantiate and complement the findings of this study. Specifically, recommends the use of qualitative approach by means of using Key Informant Interview (KII) among stakeholders of this project.
3. This study also recommends the use of other qualitative approach using Focus Group Discussion (FGD) among religious and business leaders in the province to see the acceptability of the scheme as well as gather relevant input from them. There have been many fatwa and Islamic business models that are in favor of hajj saving schemes but it is still of best practice to refer to the local religious and business men to put things into proper context and FGD with them will surely bring about valuable inputs.

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