

FACTORS INFLUENCING MUSLIMS CHOICE ON WASIYYAH: A LOGIT MODEL ANALYSIS

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ABSTRACT

When a Muslim die, there are four main things should be settled upon his death: funeral expenses, debt settlement, wasiyyah and faraid. Upon settling funeral and debt of the dead, estate management is one of the obligations required to be carried out by the heir using faraid. Nevertheless, based on the recent statistics issued by Amanah Raya Berhad, there are more than RM60 billions worth of properties of the deads in Malaysia have been frozen from being distributed to the respective heirs. Unfortunately, 95% of the properties belong to Muslims. Among reasons of the undistributed properties are due to awareness of the heirs, cost of property claims and law restriction. If this situation continuously happens, there will be a waste of capital in economy. To avoid this problem, hibah (inter vivos) and wasiyyah were suggested to be used as tools to avoid problems in distributing the wealth and properties to the heirs. Hence, the purpose of this research is to investigate behaviour of Malaysian Muslims in managing their estate specifically on wasiyyah and further to determine the factors that influence Muslims to choose wasiyyah. This is an empirical study which employed Logit Model analysis of data collected from surveys to Muslims in Malaysia. This study managed to collect 406 questionnaires and based on the result, it shows that age, health, religiosity and advantages are significant in explaining the Muslim behaviour to choose wasiyyah. The results also imply that Muslim would less likely to choose wasiyyah as to their estate planning if they have more age, good health condition and high level of religiosity and may tend to use the other tools available in Islam.

Keyword: Islamic Estate Planning, Logit Model, Wasiyyah

INTRODUCTION

In Islam, the wealth of the dead is distributed using the faraid system. Faraid is that section of the Islamic law that deals with the distribution of the estate of a deceased person among his heirs in accordance with Allah's (God) decree in the

Holy Quran and according to the hadith or tradition of the Messenger of Allah. Another tool, namely, wasiyyah or Islamic will is another form of wealth distribution tool for Muslims to inherit their wealth. However, based on shariah rule, only one third of the Muslim's properties can be distributed using will and it can only be distributed to non-heirs. Due to these problems, hibah was suggested to be used as an alternative for Muslims to bequeath their wealth.

Wasiyyah or will is a declaration of a person made during his life time with respect to his property or benefit thereof, to be carried out for the purpose of charity or for any other purposes permissible by Islamic law, after his death (Ab. Aziz, 2012). According to Aziz (2012), wasiyyah is a legal document which enables a person to determine their property distribution upon demise. It is a give or contribution by a person to another after his death either in the form of his speech or not. Wasiyyah is executed after an *ijab* (offer) from a person who make the wasiyyah, whereas the *qabul* (acceptance) is not required during his life and only required after his death (Muda, 2008).

The rationalization of the wasiyyah practice in Malaysian Muslim community is driven by their intention either to protect the adopted children or for the reason of the good deeds in the hereafter. Therefore, it is concluded that the Malays are most likely not concerned with the estate planning matters compared to the non-Malaysian community (Yaacob, 2006).

In general, the Islamic estate planning among Malaysian Muslims is not widely practiced. It was evidenced that low level of awareness and knowledge are the one of the factors contributed to the reason Islamic estate planning was not practice widely (see for example Sharfina et al., 2013). Some people feel that estate planning is not too important as they feel that estate planning is only for the wealthy. Although Islam has provided a number of estate management tools for Muslims, the problems of estate management are still prevalent.

However, based on the statistics issued by Amanah Raya Berhad (ARB) in 2016, there are RM60 billions worth of properties in Malaysia have been frozen from being distributed to any receivers (Harian Metro, 14 January 2016) due to several reasons. Among reasons for the undistributed properties are awareness of the heirs, cost of property claims and law restriction.

According to statistics in 2006, there was an estimated of over a million cases in Malaysian estate claims valued at RM38 billion still outstanding for not being managed by the beneficiaries (Ahmad & Laluddin, 2010; Mujani et al., 2012 and 2011). This does not include unclaimed monies in various agencies such as in Amanah Raya Berhad (ARB), Employee Provident Fund (EPF) and other financial and banking institutions (Ahmad & Laluddin, 2010; Mujani et al., 2012). Statistics show that in 2016, it is estimated that more than RM60 billion of the frozen estates that should be distributed to 500,000 beneficiaries have not been distributed (Harian Metro, 14 January 2016). This situation reflects that the awareness of estate planning among Muslims in Malaysia is still low.

Hence, the purpose of this research is to investigate behaviour of Malaysian Muslims in planning their estate specifically on wasiyyah and further to determine the factors that influence Muslims to choose wasiyyah.

WASIYYAH: A CONCEPTUAL DEFINITION

Among the things that are misunderstood among Muslims in Malaysia during the practice of wasiyyah are as follows; the wasiyyah exceeds 1/3 of the testator's property, the problem of postponement in the assignment of a wasiyyah by placing the conditions that does not comply with Islamic law, wasiyyah to the heirs, the problem of giving in the time of *marad al-mawt* and naming problem. The above-mentioned issues are often the subject of disputes in the Syariah Court. Basically, when a dispute arises in the Court with the validity of a wasiyyah, the Court needs to interpret and describe the content of the wasiyyah to solve the problem. Hence, the law specifically on wasiyyah is really essential to assist the Court in resolving disputes related to the wasiyyah (Muda, 2008).

Al Ma'amun (2012) conducted a study on variations across control variables on the practice of wasiyyah within the contextual form of Islamic estate planning in Malaysia. According to Al Ma'amun (2012), the number of Muslims who do wasiyyah is very low. Her opinion was supported by Omar (2006) and Dahan et al. (2012) who claimed that the practice of Islamic estate planning among Malaysian Muslims was not widely practice.

Low level of awareness and knowledge are some of the factors contributed to the reason Islamic estate planning was not practice widely (Omar, 2009; Mohyin, 2004). According to Omar (2006) Malaysian Muslims do not really want to write wasiyyah due to three reasons. The first reason is because they are not knowledgeable about wasiyyah and it's significant. Normally, people in this group have misconception towards wasiyyah in which they think only faraid instrument applies in the estate distribution and hence they think either leaving wasiyyah or not will not have any impact since at the end of the distribution process the estate will distribute according to faraid rules. The second reason why Islamic estate planning is not widely practiced among Muslims is due to their attitude that is reluctant to write wasiyyah even though they are well informed about it. Generally, those who in second group, take this matter lightly and keep postponing in drawing up wasiyyah. Another reason is because they cannot afford to draw up a wasiyyah even though they are well informed about it. Cost is the main consideration for the third group of people, and this is largely contributed by their zero knowledge on the actual charge imposed by ARB as well as other wasiyyah writing providers

Kasimah and Md. Yazid (2012) who conducted study on analysis of the understanding of Muslim will writing in Malacca claims that, generally the level of understanding Muslims in Malacca especially among writers of will, the heirs and the property management agent are at a satisfactory stage. However, the level of understanding among Muslims heirs in Malacca is lower compared to the testators and agents since they involved directly in estate management. But in contrast, the researchers found that Muslims in Malacca especially writers of will, the heirs and the property management agent have clearly confusion towards question regarding wasiyyah that involved 1/3 of the estate in distribution process. At the end of the study, the authors suggested to related parties should enhance its efforts to continue to educate the public on the matters relating to the importance to plan and write wasiyyah in the life of Muslims through campaign and seminar.

Dahan et al. (2012), who studied on the extent of possession of wasiyyah among Muslim community based on demographic characteristics that examines the relationship between Attitude, Religiosity, Financial obligation and

Knowledge with the Intention to adopt wasiyyah. Based on the findings, the possession of wasiyyah among respondents were very low.

More study focuses in Islamic wealth distribution and management in Bangladesh had been conducted by Bulbul (2013). According to the research, even though the 68% of Muslims in Bangladesh aware and have knowledge concerning to wasiyyah practice still it is not enough. Family conflicts have been arise only for distributing the heir-estate among the heirs. Thus at the end of his study, he proposed that everybody should make wasiyyah to avoid from family conflicts.

According to Aziz and Nordin (2015) who study several factors which can trigger the Muslim awareness on writing wasiyyah, namely knowledge, religiosity, wasiyyah writing providers, perception and financial condition with the awareness find that wasiyyah writing providers have significant impact on Muslim awareness in writing wasiyyah. This means that institution can be an important player in encouraging Muslim to make wasiyyah.

Al Ma'amun (2012) finds that factors of age, employment status, monthly income, amount of inheritance received, health status, having children, adopted children and grandchildren, knowledge, institution, and inheritance law are the significant factors triggering the wasiyyah practice among respondents. This study reflects that the attempt to increase wasiyyah practice and the integration of wasiyyah into Islamic wealth management and financial planning process should be aggressively made since certain groups of respondents do not realize the consequences their family would encounter should they die intestate.

Ahmad and Peyman (2008) conduct a study to investigate the knowledge of public about wasiyyah and the contribution of wasiyyah. Findings of this study confirm that Muslim societies are familiar with the wasiyyah term. They also know the existence of wasiyyah. However, they lack accurate and essential information about wasiyyah such as the proportion of wasiyyah, the organization that manages the property through wasiyyah and to whom the property under wasiyyah should be given.

METHODOLOGY

This study is a quantitative research which performed using a survey method through questionnaires. A total of 406 samples were selected in this study using technique of the proportional cluster random sampling from Malaysian Muslim who are working or retired. The collected data were analysed using Logit regression analysis to achieve the research objective. The questionnaire comprised three main sections which are related to the demographic profile of respondents, estate management planning and close-ended questions adapted from previous literature. Muslim adult behavior in planning to choose wasiyyah served as dependent variables whereas gender, age, income, health status, number of heirs, knowledge, religiosity, service, advantages of wasiyyah instrument and shariah compliance served as independent variables.

RESULTS AND FINDINGS

Descriptive Analysis of the Respondents

Table 1: Respondents general background

No	Items	Total	Percentage
1	Gender		
	Male	192	47.3
	Female	214	52.7
	<i>Total</i>	406	100
2	Age		
	Less than 35 years	122	30.0
	36-50 years	157	38.7
	51- 65 years	111	27.3
	66 and above	16	3.9
<i>Total</i>	406	100	
3	Marital status		
	Married	335	82.5
	Single	43	10.6
	Widow and widower	28	6.9
<i>Total</i>	406	100	
4	Education Level		
	No Schooling	1	0.2
	Primary School	22	5.4
	SRP / PMR	23	5.7
	SPM	122	30.0
	Diploma	64	15.8
	Bachelor Degree/Master/Phd	174	42.9
<i>Total</i>	406	100	

Table 1 shows the descriptive statistics of the respondents of this study. Based on Table 1, it indicates that the respondents in this research consists of 192 males (47.3%) and 214 females (52.7%). In terms of age, most of them are between 36-50 years old (38.7%). Table above also shows majority of the respondent are married 335 (82.5%) followed by single 43 (10.6%) and widow and widower 28 (6.9%). With regards to education level, around 174 (42.9%) of the respondents are among bachelor degree, Master and Phd holder, showing that most respondents are well-educated person.

Table 2: Model Summary

Step	-2 Log likelihood	Cox & Snell R square	Nagelkerke R square
1	510.453	.084	.114

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001.

The probability of the observed results given the parameter estimates is known as the Likelihood. Since the likelihood is a small number less than 1, it is customary to use -2 times the log likelihood (-2LL) as an estimate of how well the model fits the data. A good model is one that results in a high likelihood of the observed results. This translates into a small value for -2LL (if a model fits perfectly, the likelihood=1 and -2LL=0)

Table 2 displays the model summary of the study. Based on the Nagelkerke R Square, the value of $R^2 = 0.114$. This means that Independent variables omitted in the model can explain 11.4% from the variation in choosing wasiyyah as an instrument in estate planning. The -2 Log Likelihood value is 510.453. This is far from zero, however because there is no upper boundary for -2LL it is difficult to make a statement about the meaning of the score. It is more often used to see whether adding additional variables to the model leads to a significant reduction in the -2LL. The difference between the -2LL for two models, with the difference in the degrees of freedom (which is equal to the difference between the number of parameters for the two models) has a chi-square distribution. Thus, the significance of this change is derived from the chi-square table. In order to assess the change between different models, variables must be added in steps or blocks.

Table 3: Omnibus Tests of Model Coefficients

	Chi-square	df	Sig.
Step 1 Step	35.706	10	.000
Block	35.706	10	.000
Model	35.706	10	.000

Table 3 shows the results of the Omnibus Tests of Model Coefficients. The table gives the result of the Likelihood Ratio (LR) test which indicates whether the inclusion of this block of variables contributes significantly to model fit. A p-value (sig) of less than 0.05 for block means that the block 1 model is a significant improvement to the block 0 model. The chi-square (35.706), sig. (0.000) = IV included in the model is significant to estimate choice of respondents towards wasiyyah.

Percentage accuracy in Classification (PAC)

The findings of the significant determinants of wasiyyah are displayed in Table 4.

Age

It is found variable age is significant to estimate the model (Sig. = 0.001). B = -1.528 meaning that the respondents are less likely to choose wasiyyah.

Exp (B) = 0.217 means that one unit increase of age will decrease the possibility ratio of choosing wasiyyah by 0.217 time. It shows that possibility of choosing wasiyyah is 0.217 time smaller for each increment of age.

Overall, the age has significant impact on the choice of a Muslim towards wasiyyah. However, the negative impact implies that when the level of age increases, there is a tendency that the respondents will plan less for wasiyyah. This also means that the exposure towards wasiyyah is to those older compared to the younger one.

Table 4: Results of Logistic Regression

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I. for EXP(B)	
								Lower	Upper
Step 1 ^a	Jantina_new(1)	.096	.218	.195	1	.659	1.101	.719	1.687
	LnAGE	-1.528	.442	11.970	1	.001	.217	.091	.516
	LnINCOME	.276	.147	3.499	1	.061	1.317	.987	1.759
	LnHEALTH	-1.337	.464	8.305	1	.004	.263	.106	.652
	LnHEIRS	.135	.193	.491	1	.484	1.145	.784	1.671
	LnKnowledge	-.026	.228	.013	1	.909	.974	.623	1.522
	Religiosity	-.400	.206	3.759	1	.053	.670	.447	1.004
	Service	.149	.158	.892	1	.345	1.161	.852	1.582
	Advantages	.662	.274	5.828	1	.016	1.938	1.133	3.316
	SyariahC	-.221	.290	.581	1	.446	.802	.455	1.415
	Constant	4.758	2.525	3.551	1	.059	116.531		

a. Variable(s) entered on step 1: Jantina_new, LnAGE, LnINCOME, LnHEALTH, LnHEIRS, LnKnowledge, Religiosity, Service, Advantages, SyariahC.

Health

It is found that health is significant to estimate the model (Sig. = 0.004). B = -1.337 meaning that the respondents are less likely to choose wasiyyah.

Exp(B) = 0.263 means that one unit increase of health status will decrease the possibility ratio of choosing wasiyyah by 0.263 time. It shows that possibility of choosing wasiyyah is 0.263 time smaller for each increment of health status.

The overall result shows that the less healthy of a Muslim, he tends to prefer for estate planning and will choose other instruments like faraid and hibah. On the other hand, in a healthy condition the individual will take wasiyyah with the assumption that if he is not healthy, he will not take wasiyyah.

Religiosity

Religiosity is found to be significant to estimate the model (Sig. = 0.053). B = -0.400 indicates that respondents are less likely to choose wasiyyah.

Exp (B) = 0.670 means that one unit increase of level of religiosity will decrease the possibility ratio of choosing wasiyyah by 0.670 time. It shows that possibility of choosing wasiyyah is 0.670 time smaller for each increment of level of religiosity.

The higher level of religiosity of a muslim, he will choose other instruments especially faraidh as it is mentioned several times in the Al-Quran. Moreover, religiosity did not influence wasiyyah practice as it was not statistically proven (McGranaham, 2006 and AlMa'amun, 2012).

Advantages

It is found that advantages is significant to estimate the model (Sig. = 0.016). B = 0.662 shows that the respondents are more likely to choose wasiyyah.

Exp (B) = 1.938 indicates that one unit increase of advantage will increase the possibility ratio of choosing wasiyyah by 1.938 time. It shows that possibility of choosing wasiyyah is 1.938 time higher for each increment of advantages of wasiyyah. With the advantage of wasiyyah, Muslims tend to choose wasiyyah as their main instrument for the estate planning.

CONCLUSION

This study found that Age, Health, Religiosity and Advantages are significant in explaining the Muslim behaviour to choose wasiyyah. Amongst all the significant variables, advantages are positively affecting the muslim to choose wasiyyah as a tool for estate planning. Advantages of using wasiyyah as an estate planning tool could be used as a factor to attract muslim to make wasiyyah. The sevice provider may use it to promote their customer. Due to the complicated issues in choosing wasiyyah, muslims are less likely to choose wasiyyah to plan their estate before death. Despite of their condition in terms of their age, health and religious level, muslims in Malaysia seems to choose other tools of estate planning like faraid and hibah. Further research need to be done to study the main cause of this situation even though Islam urge muslim to practice wasiyyah as stated in Al-Quran.

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