

Identifying Shariah Governance and Construction Procurement System of Property Development Under Islamic Johor Corporation

Azila Ahmad Sarkawi and Srazali Aripin

Abstract--- *Islamic Johor Corporation or in Malay language, Perbadanan Islam Johor (PIJ) is a corporation established in 1976 to advance the economy of Muslims in Johor. The corporation embarks in property developments that lead to the formation of PIJ Holdings in 1995. As such, the objective of this study is to recognize the shariah governance and construction procurement system from the practice of PIJ's property development. In the deficiency of standard shariah governance framework for property development services, the study referred to the selected guiding principles from an international standard of Islamic Financial Services Board (IFSB), Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and Shariah Governance Framework for Bank Negara Malaysia. In doing so, the paper articulates the set-up of PIJ and discusses the steps of its construction procurement process from the initiation of the project until the management of risk. The study employed qualitative research methods of content analysis, case study and an interview to validate the findings. The study found that there is a synergy between the religious authorities and PIJ in its set-up, acts as a check and balance to the practice of its property development. Moreover, its operational practices help to identify the Islamic procurement element for instances the employment of project financing via Islamic banking and takaful. For other procurement activities, it can be said that PIJ is acknowledging the conventional methods so long it does not contradict to Islam. This identification is significant to promote PIJ as a catalyst to shariah-compliant property development.*

Keywords--- *Perbadanan Islam Johor, Shariah Compliant Procurement, Property Development.*

I. INTRODUCTION

Construction activities are synonymous to property development aim at providing facilities to people for a sustainable living environment, at the same time, serve as an indicator of the development growth of the country. Consequently, construction activities warrant procurement system that refers to the practices of acquiring building projects. It involves seven key components that may be separated into two main groups, as follow:

- i. Pre-construction processes
- ii. Construction processes which include physical construction and its management as well as risk allocation (Khairuddin, 2002, p.61).

The initiation or a promotion is the process of lead the need for a facility initiated by a client normally based on the development plans. Upon determination of the facility required, its construction will seek for funding, design and statutory approval that eventually leads to a process of tendering.

Azila Ahmad Sarkawi, International Islamic University, Malaysia. E-mail: azila@iiu.edu.my
Srazali Aripin, International Islamic University, Malaysia.

Then it comes to the physical construction and its management whereby risk is normally mitigated and managed at every step of procurement processes. Certainly, these construction procurement activities require a caretaker by the name of property developer of which in this study, Perbadanan Islam Johor (here and after that referred to as PIJ) is a subject matter.

Under its vision and mission, the study intends to identify the shariah governance and procurement system from its operations and set-up.

II. ISLAM AND PROPERTY DEVELOPMENT

Islam prescribes underlying principles in promoting property development. These principles embodied in Islamic teachings, inter alia, the concept of *mal* (property), the prescription of mu'amalat system, the protection of wealth as one of the fundamentals in *maqasid al-shariah*, the imposition of zakat in the five tenets of Islam, and the city planning and development of Madinah upon the migration of the Prophet S.A.W.

The Concept of Mal (Property)

About the concept of *mal*, the most Muslim jurists view that the required criteria for considering something to be *mal* or property are:

- i. People consider it as a source of wealth (*tamawwul*)
- ii. It can be benefited from the shariah point of view
- iii. It can be compensated (*al-i'tiyad*)
- iv. It has value

These criteria of *mal* concluded by the majority of Muslim jurists though seemingly contradicts with the prevailing view of the Hanafi school which enumerated three characteristics of *mal* as;

- i. It has physical features
- ii. It can be kept for a long period
- iii. It can bring benefit from the shariah point of view

At least they are consensus in terms of the benefits derived from the property that must be in conformity with shariah requirements (Said Bouheraoua et al., 2015). These four criteria of *mal* help property developers to contemplate their activities within the shariah permissibility.

The Prescription of Mu'amalat System

The above concept of *mal* in Islam sets a basis to its mu'amalat system. Mu'amalat system is commonly known as a commercial transaction that becomes one of the division in Islamic jurisprudence (*fiqh*) other than *Fiqh al-ibadat* (Islamic personal law), *Fiqh al-munakahat* (Islamic family law) and *Fiqh al-jinayat* (Islamic criminal law).

Table 1 enlisted broad areas covered under each division of *Fiqh* with specific reference to *Fiqh al-mu'amalat* that contained numbers of Islamic transactions.

Table 1: Areas Covered under each Division of *Fiqh*

Fiqh al-Ibadat (Islamic Personal Law): Relationship between man and his creator by performing worships which the creator obligate them.	Fiqh al-Munakahat (Islamic Family Law): Relationship between man and his family.	Fiqh al-Muamalat (Islamic Transaction Law): Relationship between man and his society.	Fiqh al-Jinayat (Islamic Criminal Law): A set of rules by Allah related to wrongdoings and crimes.
-Cleanliness -Iman -Solat -Fasting -Zakat -Hajj	- <i>khitbah</i> - <i>walimatul urus</i> - <i>nikah</i> - <i>talaq</i> - <i>l'ddah & istibrak</i> - <i>hadanah</i> - <i>nafaqah</i> - <i>faraid</i> - <i>wasiat</i>	-theory of property rights -theory of property -theory of contract -types of mu'amalat • <i>Al-ba'i</i> • <i>Al-qard</i> • <i>Al-ijar</i> • <i>Al-ju'alah</i> • <i>Al-sharikah</i> • <i>Al-hibah</i> • <i>Al-idaq</i> • <i>Al-l'arah</i> • <i>Al-wakalah</i> • <i>Al-kafalah</i> • <i>Al-hiwalah</i> • <i>Al-rahn</i> • <i>Al-sulh</i>	- <i>Hudud</i> • <i>Zina</i> • <i>Qazaf</i> • <i>Sariqah</i> • <i>Hirabah & bughah</i> • <i>Shurb</i> • <i>Riddah</i> - <i>Qisas</i> - <i>Ta'zir</i>

At the onset, *Fiqh al-mu'amalat* concerns man and man relationship and regulates commercial transactions among them, upholding the principle of justice propagated in the Quranic verse, Al-Nisa', 58:

“Truly, Allah commands you to hand back your trusts to their (rightful) owners...”

Property

Preservation of wealth is among essentials of *maqasid al-shariah* (the objectives of Islamic law). The prescription of the above mu'amalat system is parallel with five aspects of wealth that are (i) creation, (ii) growth, (iii) security, (iv) distribution and (v) purification inferred from the following Quranic verses respectively:

Translated

“And when the Prayer is finished, then may ye disperse through the land, and seek of the Bounty of Allah. And celebrate the Praises of Allah often (and without stint): that ye may prosper.” (Surah al-Jumu'ah, verse 10)

“While God has made buying and selling lawful and usury unlawful” (Surah al-Baqarah, verse 275)

“As to the thief, Male or female, cut off his or her hands: a punishment by way of example, from Allah, for their crime: and Allah is Exalted in power” (Surah Al-Ma'ida, verse 38)

“What Allah has bestowed on His Messenger (and taken away) from the people of the townships,- belongs to Allah,- to His Messenger and kindred and orphans, the needy and the wayfarer; So that **it may not (merely) make a circuit between the wealthy among you**. So take what the Messenger assigns to you, and deny yourselves that which he withholds from you. And fear Allah for Allah is strict in punishment” (Surah al-Hashr, verse 7)

“And be steadfast in prayers, pay the alms-tax, and bow down (in congregation) with those who bow down (in worship)” (Surah al-Baqarah, verse 43).

In short, Muslims are encouraged to create wealth through business and other permissible Islamic transactions. The wealth is accumulated through investment, for example, and protect them against risk with takaful. However, the wealth accumulated must be distributed back through *infaq* and purified through zakat.

Zakat in the Five Tenets of Islam

Zakat is the third tenet of Islam. Zakat is releasing an individual from the affection of wealth by encouraging humility and discipline. An important standard of Islam is that the whole thing belongs to God. We do not own our wealth but have been hand over with worldly possessions by Him.

“Zakat is for the poor and the needy and those who are employed to administer and collect it, and for those whose hearts are to be won over, and for the freeing of human beings from bondage, and for those who are overburdened with debts and for every struggle in God’s cause, and for the wayfarers: this is a duty ordained by God, and God is the All-Knowing, the Wise.” (Qur’an 9:60).

The City Planning and Development of Madinah al-Munawwarah

Planning of Madinah al-Munawwarah upon the migration of the Prophet is a real manifestation of property development when the first building built in the masjid followed by housing, market places, open spaces and other facilities. Masjid becomes a center of gravity for another kind of activities like administration, trading, recreation, learning center, rehabilitation etc.

In terms of city planning, the planning of Madinah al-Munawwarah by the Prophet SAW was commendable and provided a benchmark for good planning. Spahic (2005) pointed out lessons that could be learned from the Prophet’s planning of Madinah are:

- Rebuilding city image – by changing the name from Yathrib to Madinah;
- Creating a centre of gravity stemming from faith – by constructing a mosque;
- Ensuring good city governance – by establishing a written constitution; and
- Promoting a liveable environment – by building houses, market, open space and other land uses to provide social and economic support to the city.

On another note, Ibn Khaldun (1986) affirms that:

“human social organization is something necessary [...] meant by the civilization which requires political leadership for its organization [...] royal authority calls for urban settlement when is obtained by tribes and groups [...] forced to take possession of cities for two reasons, i. To seek tranquillity, restfulness, and relaxation and ii. to provide the aspect of civilization that were lacking in the desert” (p. 137).

Notwithstanding the promotion of property development in Islam for the benefit of the people, it appears very little literature on specific Islamic procurement system available compared to conventional methods. However, it can be developed and sourced out from the Islamic injunction stemming from the Quranic verse, al-An’am:38

“We have omitted nothing from this Qur’an...”

III. ISLAM AND CONSTRUCTION PROCUREMENT

Human’s needs are complex, ranging from basic to necessities. Indeed, the sequence is *daruriyyah* (essentials), *hajiyyah* (complementary) and *tahsiniyyah* (desirable).

- *Daruriyyah* is an unconditional necessity to the existence and spiritual wellbeing of one to the extent that their destruction or collapse would precipitate chaos and the demise of the normal order in society.
- *Hajiyyah* is ed aids that seek to eliminate harshness and hardship in cases where such severity and hardship do not pose a threat to the very survival of normal order.
- *Tahsiniyyah* seeks to attain refinement and perfection in the customs and conduct of the people at all levels

Deciding these three levels of importance in the context of facilities provision requires expertise in the area of the built environment. It warrants proper planning and justifications based on the needs and functionality for the value of money. Figure 1 shows the type of construction undertaken to meet such a complex demand of life:

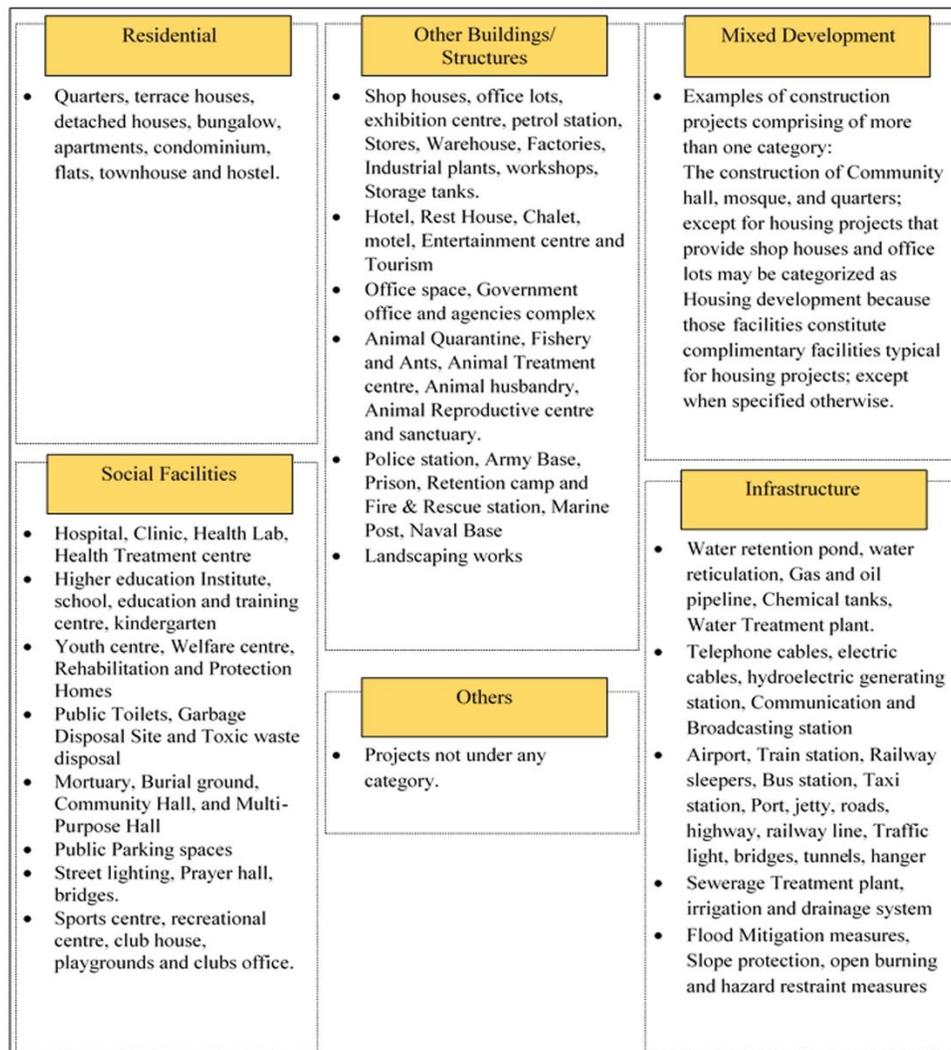


Fig. 1: Types of Construction Project

Source: Public Project Management, EPU, 2015.

In the pursuit of property development promoted in Islam, there is no doubt that its procurement process must be in accordance with Islam as well. As a start, the seven steps of the construction procurement process aforesaid mentioned will be seen from the Islamic injunction al-Qur'an and al-Sunnah.

Table 2: Elements of Construction Procurement and its Shariah Propositions and Legitimacy

<i>Construction Procurement</i>	<i>Shariah Propositions</i>	<i>Shariah Legitimacy</i>
1.Beginning		
The processes of recognizing the need.	-proper planning based on the needs and functionality -strong justification to avoid wastage, i.e. feasibility study -bring goodness and facilitation to people -avoidance of personal interest -value for money -inviting good forbidding bad	“...inquire first into its truth, lest you should wrong others unwittingly and repent of what you have done” (Al-Hujurat:6) “Help one another in furthering virtue and God-consciousness, and not in what is wicked and sinful” (Al-Maidah:2)
2.Funding		
Provision of the finance	-Islamic mu’amalat in construction procurement and financing <ul style="list-style-type: none"> • <i>istisna’</i> • PPP via concession & <i>mudharabah</i> • JV (<i>musyarakah</i>) • Buying ready stock 	“O, believers! Do not consume (use) your wealth among yourselves illegally (such as by means of cheating, gambling and others of illegal natures), but rather trade with it by mutual consent...” (Al-Nisa’:29)
3.Design		
The translation of sketches and specifications to construction.	-shariah-compliant building design <ul style="list-style-type: none"> • Size • Space planning • Orientation & Ventilation • Privacy • Safety • Hospitality 	“...and do not cast yourselves into destruction with your own hands (by your niggardliness) ...” (Al-Baqarah: 195) “It is Allah Who made your habitations (houses) homes of rest and quiet for you” (An-Nahl 16: 80).
4.Legal approval		
The procedures of gaining consents from the related authorities	-adherence to laws and procedures -mutual consultation/agreement -improvement to the statutory provisions -promoting good governance -facilitating the process -avoiding misuse of power	“And now, We have set you (O Muhammad and sent you) to help establish a way of religion (complete) constituting rules of religion; so you follow that way and do not yield to the desires of those who are ignorant (of the truth)” (Al-Jathiyah:18) “O believers! Obey Allah, and obey The Messenger and those entrusted with authority among you...” (Al-Nisa’:59)
5.Tendering		
The process to obtain offers leading to a contract	- practising Islamic values <ul style="list-style-type: none"> • transparency • accountability • knowledgeable • integrity • honest • trustworthy • systematic • etc. 	“Truly, Allah commands you to hand back your trusts to their (rightful) owners...” (Al-Nisa’:58) “O Dawud, We have made you a vicegerent on earth: Therefore pronounce judgement with justice among men (in accordance with the sacred law which has been revealed to you)...” (Sad:26)
6.Building		
The processes of physically fitting the various components to form a final structure.	-practising Islamic values <ul style="list-style-type: none"> • Leadership • Communication • Quality • etc 	“So when you have finished (doing a good deed) resume your toil (doing other good deeds)” (Al-Insyirah:07) “...and be good (to others) as Allah has been good to you (by giving you more than what you needed, and do not seek mischief in the land. Allah does not like the mischief-makers.” (Al-Qasas:77)
7.Risk allocation		
The weakness of each of the above generic functions to varying degrees of risk. The degree of risk is dependent upon the type of procurement system used and the individual functional roles.	-readiness and preparedness -forward thinking -design apportionment liability -effectiveness of project in operation -takaful	“Allah wants (always) to lighten your burdens (from his laws), for man was created weak” (Al-Nisa’:28) “...and do not cast your-selves into destruction with your own hands (by your niggardliness)...” (Al-Baqarah: 195)

IV. SHARIAH GOVERNANCE FRAMEWORK FOR CONSTRUCTION PROCUREMENT INSTITUTION/SERVICES

Reviewing the literature, it suggests the absence of shariah governance framework for construction procurement institution/services. Despite the advanced application of Shariah-compliant tools and products in the areas of banking, finance, insurance and capital market, their application in construction works contracts is still at its infancy.

“One commonly accepted Shariah-compliant tool for business transactions that permits a contract to be formed, although the subject matter for the transaction yet to exist, is *Istisna*’. However, the current application of *Istisna*’ in construction works contracts appears to be motivated largely by the needs to facilitate financing for the procuring party or the Employer instead of the *Istisna*’ serving as the primary contract between the Employer and the Contractor” (Khairuddin, 2019, pgs. 107).

For that matter, the shariah governance structure for Islamic financial organization is referred for this study.

Table 3: Shariah Governance Framework of Islamic Financial Organizations

<i>Key organs</i>	<i>Functions</i>
Board of Directors	Oversee the shariah compliance aspect of the IFIs.’
Shariah Committee or Shariah Supervisory Board Management	Consist of qualified members with shariah background who are talented to thoughtful Islamic finance matters and offer comprehensive shariah conclusions
Shariah Review	Carry the responsibility to offer suitable resources and capable workforce support
Shariah Audit	The review should cover processes to determine the requirements of the shariah
Shariah Risk Management	This audit to be done on an annual basis to verify that the business tasks fulfil with shariah
Shariah Research	To recognize all conceivable shariah risks and take corrective measures to overcome the risk.
Shariah Research	To develop an internal shariah research team to research research shariah

Source: Shariah Governance Framework, Bank Negara Malaysia, 2010.

Also, there is the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), a Bahrain-based international organization that formulates and publishes accounting, auditing, ethics, governance and shariah standards for the Islamic Finance industry. The relevant governance standards are summarized as follows:

Table 4: Governance Standards by AAOIFI

Governance standard	Details
GSIFI-1	Shariah Managerial Panel
GSIFI-2	Shariah assessment
GSIFI-3	Internal shariah review
GSIFI-4	Audit and governance committee for IFIs
GSIFI-5	Independence of shariah supervisory board
GSIFI-6	Statement of governance principles for IFIs
GSIFI-7	Corporate social responsibility conduct and disclosure for IFIs

Source: Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI)

On top of that, Islamic Financial Services Board (IFSB), an international standard-setting institute of the regulatory and supervisory agency that promotes and enhances the reliability and constancy of the Islamic financial industry has delivered criteria on governance, among others, are;

IFSB-3 Managerial Codes on Corporate Governance and IFSB-10 Guiding Principles on Shariah Governance

Systems for Institutions offering Islamic Financial Services.

Under IFSB-3, selected principles are Islamic Financial Services (IFS) shall found a broad governance policy structure which establishes the strategic roles and functions of each organ of governance and mechanisms for balancing the IIFs' accountabilities to various stakeholders (Principle 1.1). IIFs shall have in place an appropriate mechanism for obtaining rulings from shariah scholars, applying fatwa and monitoring shariah compliance in all aspects of their products, operations and activities (Principle 3.1.).

The selected guiding principles of shariah governance framework under these three main bodies related to IFIs are relevant to this study of PIJ at least looking at its governance.

V. METHODOLOGY

The objective of the research is to recognize the shariah governance and construction procurement systems in property development under PIJ. Qualitative methods are employed for that purpose, starting with literature reviews on construction procurement systems and property development both from Islamic and conventional perspectives. A case study of Perbadanan Islam was done in terms of its set-up and operations related to property development. Upon the content analysis of the literature reviews, as Islamic procurement system was drafted based on shariah governance and guiding principles related to Islamic Financial Services and attested against PIJ. The outcome was presented to PIJ for validation. The result of validation is reported as a research finding thereon.

VI. CASE STUDY, ANALYSIS AND FINDINGS

Perbadanan Islam Johor (PIJ)

PIJ was established by the State Government of Johor on 6th May 1976 via the Enactment No. 1 1976. It was known as Johor Economic Development Corporation started its operation on 1st January 1977. PIJ was mandated to develop and uplift the economy of Muslims in Johor through land development, agriculture, housing, industry, commercial and mining. PIJ sets up two subsidiary companies, namely PIJ Holdings Sdn. Bhd., and Insist Amilat Sdn. Bhd. commencing their operation on 1st January 1995 and 15th August 1997 respectively. They are main companies to three other subsidiary companies namely PIJ Plantation & Agriculture Sdn. Bhd., PIJ Property Development Sdn. Bhd. and PIJ Manufacturing Sdn. Bhd. Insist Amilat Sdn. Bhd. performs service based like amil to zakat corporate, agent to takaful insurance, dialysis center operator. PIJ also invested in local banks with reference to Islamic banking. PIJ holds a close connection to Majlis Agama Islam Johor and Jabatan Agama Johor.

PIJ was administered by an executive board chaired by Chief Minister of Johor. He was assisted by the head of the Johor religious affairs committee as a deputy chairman. Ex-officio comprises four of them, notably State Secretary of Johor, Legal Adviser of Johor, State Financial Officer, Director of Johor Religious Department. Seven members are two EXCO, ADUN, Mufti of Johor, Deputy Mufti of Johor, Head of MAIJ executive officer and Advisor of MAIJ. Pengurus Besar and Pengurus Bahagian headed the PIJ itself.

PIJ Holdings

PIJ Holdings is one of the subsidiary companies under PIJ.

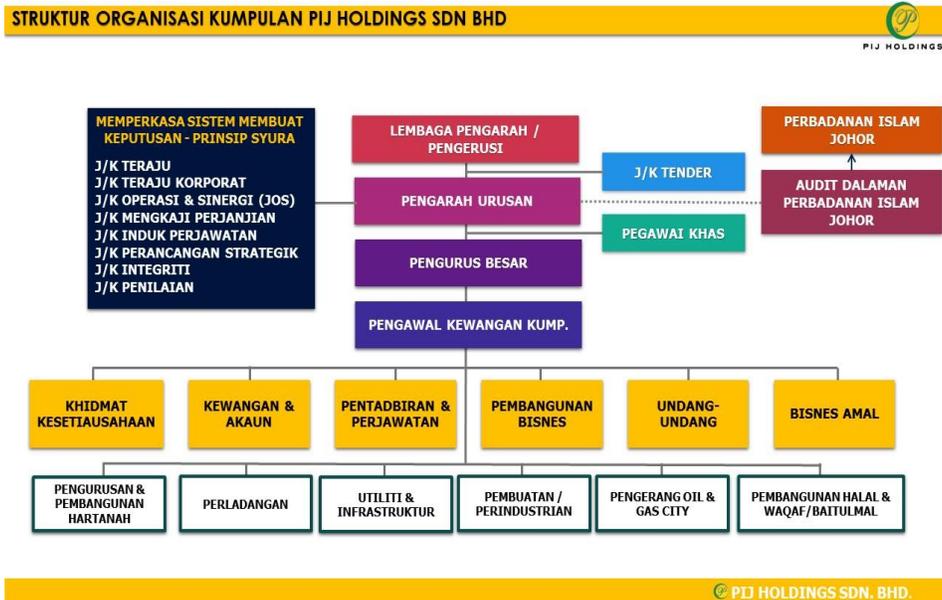
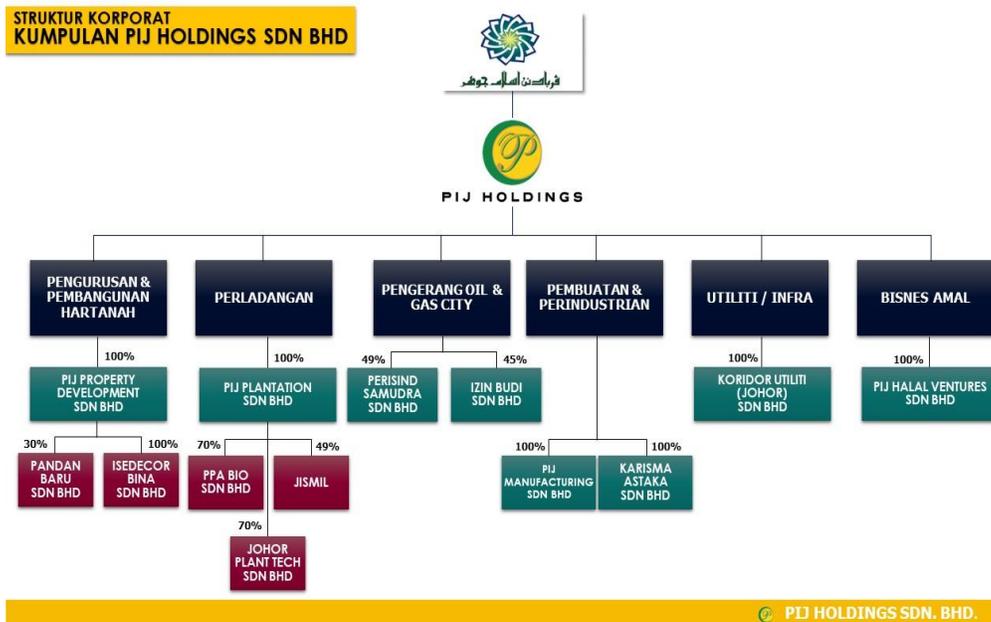


Fig. 2: Shows a Connection of PIJ Holdings with PIJ

Being a subsidiary company under PIJ, PIJ Holding ventures into various form of business shown in Figure 3 below:



PIJ Holdings envisions its corporate image as a global company based on knowledge and Islamic principles in August 2009. However, this study is focusing on property development handled by PIJ Property Development Sdn. Bhd. In its inception of 1996, it involved in developing Islamic religious schools for Johor State Islamic Religious Council (SIRC).

Eventually, it ventured into developing housing area characterized by Islamic concept at prime areas in Johor and affordable houses (RMMJ). Development of wakaf land for housing and commercial buildings is among the

attempt made by this company with strategic planning between State Government and Johor SIRC. Below is a list of property development embarked by this company:

1. Rumah kedai, Taman Pesona, Kluang
2. Service Apartment, Kampung Dato' Sulaiman Menteri
3. Service Apartment, Jalan Tampoi
4. Taman Perbadanan Islam Datin Halimah
5. Commercial center, Bandar Rengit, Batu Pahat
6. Taman Perbadanan Islam Rengit, Batu Pahat
7. Service Apartment Bakar Batu, Mukim Plentong
8. Taman Perbadanan Islam Stulang Baru
9. Taman Perbandaran Islam Teluk Permata
10. Taman Perbadanan Islam Maharani, Muar

At the same time, three special projects under Tabung Wakaf Rakyat Johor were launched with the direct involvement of Johor SIRC and Mufti's Office. The three special projects are:

<p>Medical Specialists Complex</p> <ol style="list-style-type: none"> 1. Area: 5.5 acre 2. Developer: Joint venture between PIJ & Kencana Healthcare Sdn. Bhd. 3. Location: Jalan Tahana, Bandar Baru Uda, Johor 4. Facilities: 240 beds 5. -60 specialist clinic 6. -120 accommodation 7. -Wellness Centre 8. -650 public parking Indoor & Outdoor 	
<p>Larkin Community Hall with the Islamic concept</p> <p>Developer: Joint venture PIJ & Usahawan</p> <p>Facilities: 3 dining hall with capacity 1000pax</p> <p>Exhibition hall</p> <p>Two meeting room: 40 pax</p> <p>Cafe & Bistro (capacity: 150 pax)</p> <p>Office space</p> <p>Bilik Keramaian</p> <p>Lobby</p> <p>Kitchen</p>	
<p>'Food Truck' Muafakat Bangsa Johor</p> <p>Lot for Muslims business</p> <p>Surau and public toilet</p> <p>Developer: PIJ</p>	

In general, the identification of the Islamic procurement system of property development under PIJ and its subsidiaries could be traced via its role and function as well as its governance. However, there is no clear evidence on the promulgation of the shariah governance framework for its services as practiced by the Islamic Financial Institutions.

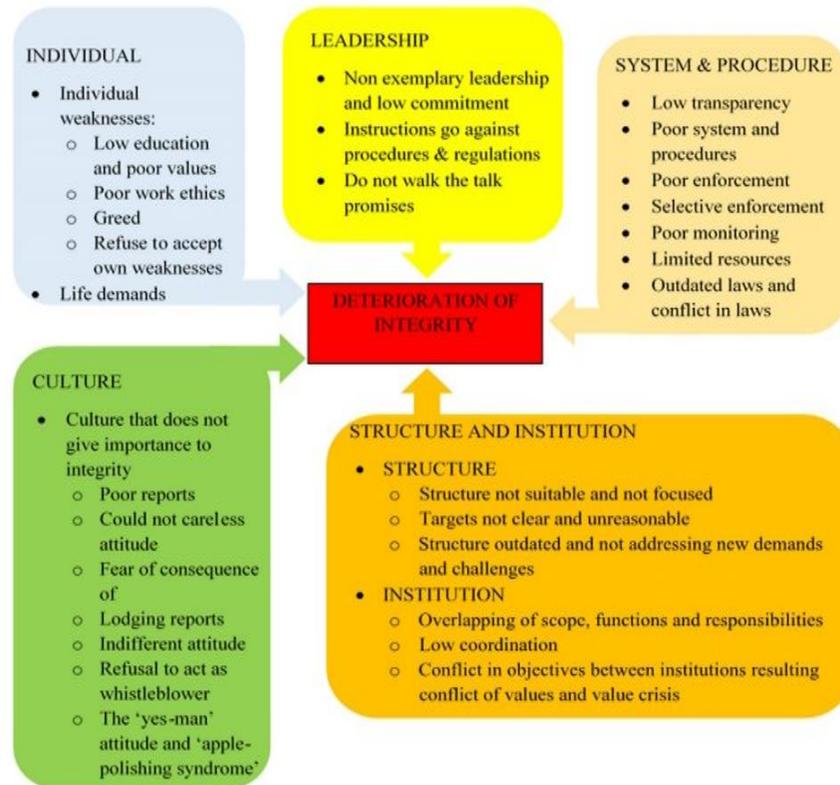
Furthermore, probing into seven steps of the procurement process (refer to Table 2), only funding and risk allocation are referring to Islamic mode while the other five steps are conventionally executed. At this juncture, it is assumed that the other five steps are shariah-compliant in the sense that they do not contradict Islamic principles.

By Islamisation of human knowledge, acknowledging useful secular-based conventional knowledge is accepted as one of the modes of Islamisation other than;

1. Implementing after undertaking a serious analysis of Islamic principles that are measured beneficial in secular-based conventional systems.
2. Improvising the well-matched conventional systems without undermining the principles of Islam Revising some features of secular-based conventional knowledge which have been assessed from Islamic worldviews and established to be objectionable as they are.
3. Answering all characteristics of secular-based conventional knowledge which are against Islamic principles.
4. Incorporating Islamic worldview into the suitable features of secular-based conventional human knowledge for a superior and precise understanding of the holistic nature of truths of human realities.
5. Endorsing Islamic perspectives on aspects of human knowledge.
6. Guarding Islamic perspectives carrying out investigations, in agreement with the worldview of Islam.
7. *Energizing the useful knowledge from the rich Islamic intellectual in an effective way*
8. *Generating essential and necessary new inventions, thus establishing the creativity and innovativeness of Muslims.*
9. *Reforming important substitutions to leading secular-based conventional opinions on the basis of Islamic worldviews.*
10. Building important human knowledge on the basis of the worldview of Islam.
11. Refreshing particular classical Islamic thought.

However, shariah standards for each step of construction procurement must be devised accordingly started with shariah advisory board been established at the relevant construction procurement institution/services. This is to confirm shariah compliance throughout the procurement processes, including the values and ethics. Based on Transparency International's Bribe Payers Index, it was affirmed that corruption to be greater in the construction industry than any other sector of the economy.

Corruption could happen by soliciting and accepting a bribe, offering and giving a bribe, false claim, and abuse of position/office. In consequence, it is paramount important to establish a governance system that considers factors that would be leading to the deterioration of integrity, as shown in Figure 4:



Source: National Integrity Institute, 2004

National Integrity Plan is to meet the 4th challenge of Vision 2020, namely, “to establish a fully moral and ethical society whose citizen are strong in religious and spiritual values and imbued with the highest ethical standards” including public project management in Malaysia. This is concurrent with MS1900:2014, Shariah-based quality management systems – requirements with guidance and MS2300:2009, Value-based management systems – requirements from an Islamic perspective that require serious attention in the governance system.

VII. CONCLUSION

Shariah-compliant tools and products in the areas of banking, finance, insurance and the capital market should be extended to the area of construction procurement system with some modifications to suit the construction industry sphere. Learning from the establishment of Islamic Financial Services, shariah governance framework for construction procurement institutions/services must be developed first. In this regard, the development wing under each State Islamic Religious Council is potentially geared towards shariah-compliant property developer with competent manpower and resources. This is at least to develop lands and properties under wakaf, zakat and baitulmal for the benefits of the people and image of the Islamic administration in Malaysia. In doing so, synergy with the existing conventional property developer could be done without compromising the elements of the Islamic requirement. The Office of Mufti also ought to play a vital role in ensuring conformity to Islam in property development; in other words, acts as a Shariah Advisory Board.

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