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DEVELOPING A SUSTAINABLE WAQF PRODUCT MODEL: A PRELIMINARY STUDY

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Abstract:

Muamalat is the pulse of Islamic economic and social engagement in daily living, which includes Waqf. Waqf is recognised as a powerful economic driver, in line with Sustainable Development Goal (SDG) 4: Quality Education. However, in-depth studies into the sustainability of the Waqf product model in higher education institutions remain limited. This preliminary study explores the development of a sustainable Waqf Product model at the National Defence University of Malaysia from a religious institutional logic perspective, namely Shariah Compliance. This study adopts a qualitative approach that supports the interpretivism philosophy, specifically an interpretive case study. It employs a judgmental sampling technique by interviewing key players in university Waqf management at the National Defence University of Malaysia (NDUM), along with supporting documents and field notes. Findings indicate the existence of challenges in implementing Waqf at the university, along with potential solutions. Besides, the potential of asset-based Waqf products at NDUM was observed. Theoretically, the findings present the development of a sustainable waqf product model in religious institutional logic and SDG 4: Quality Education perspectives. Practically, it indicates a need for a policy on income generation for the university.

Keywords:

Quality Education, Religious Institutional Logic, SDG 4, Shariah Compliance, Waqf Product

Introduction

Muamalat is the pulse of Islamic economic and social engagement in daily living, which includes Waqf. Waqf is recognised as a powerful economic driver; however, research into the sustainability of Waqf product models within higher education institutions remains limited and warrants further in-depth investigation. Jamil et al. (2024) mentioned that Malaysian Waqf institutions continue to struggle with inefficiency due to lack of governance structure and weak internal controls were among the issues in transparency and governance controls, hinder both sustainability and overall performance. These shortcomings have resulted in transparency issues, where stakeholders lack access to reliable and timely information and reduces institutional accountability. Mohamad Yunus et al. (2024) also mentioned disjointed practices, low disclosure standards, and inconsistent management policies were among the issues in fragmented management and reporting quality, negatively affect institutional trust and resource utilisation. These fragmented practices also lead to inefficient resource utilisation, where potential Waqf revenues and assets remain under-optimised. Governance and Waqf trust fund challenges remain central obstacles to the sustainability of Waqf institutions in Malaysia.

Moreover, Ahmad Ayedh et al. (2019) highlighted the strategic role of Waqf product development in uplifting the socio-economic status of the Muslim community. This initiative reflects not only the functional significance of Waqf but also its potential to drive meaningful impact towards the financial support of quality education. According to the Department of Statistics Malaysia (2018), Sustainable Development Goal (SDG) 4 comprises seven outcomes and three means of implementation targets, focusing on access to all types of education, with financial support being one of the equitable accesses. In this context, Waqf as an Islamic philanthropic endowment can play a strategic role as a mechanism for financial accessibility in education that can be used to fund schools (Gazali & Che Ismail, 2019), libraries (Mohaiyadin, 2024), scholarships (Kementerian Pengajian Tinggi Malaysia, 2016; Siti Umairah & Siti Mashitoh, 2016; Noordin et al., 2017; Mohaiyadin, 2024) and educational facilities (Mohaiyadin, 2024).

Even though the SDGs are not legally binding, governments are expected to implement country-led sustainable development strategies like financing strategies, including financial aid to graduate-level students (Advocates for International Development (A4ID) 2020, 2020). Existing studies have largely focused on specific Waqf products, such as cash Waqf (Ali & Markom, 2020; Mohamad & Sulong, 2022), asset-based Waqf (Abdullah, 2020a) and corporate Waqf (Bakar et al., 2019), while falling short of those offering a comprehensive view of Waqf products. Ishak et al. (2023) mentioned that Waqf land in Malaysia projects lack a sustainability framework such as productivity, benefit optimisation, and alignment with UN SDGs. Thus, this preliminary study explores the development of a sustainable Waqf product model at the National Defence University of Malaysia (NDUM) from a religious institutional logic perspective. Waqf management at NDUM is placed under the Centre of Waqf Management, which was established on 16 February 2017 (Universiti Pertahanan Nasional Malaysia, 2017), under the jurisdiction of the Federal Territories Islamic Religious Council or *Majlis Agama Islam Wilayah Persekutuan*.

Centre of Waqf Management, NDUM has been officially entrusted as a Waqf Administrator or *Al-Mutawalli* conferred by *Majlis Agama Islam Wilayah Persekutuan* on 8 November 2018 (Universiti Pertahanan Nasional Malaysia, 2017). The centre is permitted to receive Waqf funds directly into the university's account based on the Memorandum of Agreement (MoA) between NDUM and *Majlis Agama Islam Wilayah Persekutuan*. In terms of account recording,

Waqf fund collections are recorded like any other trust account. In future, contributions by *Al-Waqif* (Waqf Giver) will be channelled into separate accounts. So far, the account's main role is to receive and disburse funds following the Centre of Waqf Management procedures from the monthly salary deductions of NDUM staff. This study is structured into five main sections. This current section presents the introduction of this study, followed by a literature review that discusses previous studies and the theory applied. Next, the research methodology is outlined, detailing the approach used to conduct this study. This is followed by findings and discussion, providing key insights and interpretations. Finally, this study concludes with a summary of the findings and recommendations. Hence, the following section presents the discussion on the literature review.

Literature Review

In Arabic linguistics, Waqf is defined as the act of stopping, preserving or holding, while in Shariah perspective, Waqf is often associated with charity (Kementerian Pengajian Tinggi Malaysia, 2016). In Islamic terminology, Waqf refers to a religious endowment, a voluntary, irrevocable dedication of one's wealth or a portion of it, whether in the form of cash or immovable assets such as land and buildings for Shariah Compliance purposes (Kementerian Pengajian Tinggi Malaysia, 2016). Once a Waqf is established, it cannot be gifted, inherited, or sold, while its benefits must be utilised strictly under the wishes of *Al-Waqif* (Waqf Giver) (Kementerian Pengajian Tinggi Malaysia, 2016). The Waqf distribution is unique; it is open to Muslims and non-Muslims (Kementerian Pengajian Tinggi Malaysia, 2016). This section comprises several sub-sections that address key aspects of this study, including challenges and potential solutions, Waqf products and religious institutional logic, namely Shariah Compliance. The following section offers a deeper insight into challenges and potential solutions.

Challenge and Potential Solution

Table 1 presented two governance challenges and potential solutions by Ahmad Ayedh et al. (2019): The first challenge, poor transparency and fragmented reporting structures, could be addressed through standardised public disclosure, mandatory external audits and strengthened oversight. The second challenge, which is inconsistent accountability resulting from varied institutional forms, could be mitigated by harmonising governance frameworks and clarifying organisational roles and entity structures. Meanwhile, Abu Talib et al. (2020) identified three key governance challenges as presented in Table 1. The first, namely the lack of standardised reporting, could be addressed by enforcing national Waqf accounting standards. The second, which is the weak governance and transparency, requires the definition of clear organisational roles, the establishment of internal audit processes and clarification of the legal form. The third challenge, resource and capacity gaps, could be mitigated through the training of skilled personnel and the development of an institutional culture of accountability. In another study, Abdullah (2020) identified three challenges in governance as presented in Table 1, namely lack of transparency and accountability in financial and non-financial reporting, which can be tackled by strengthening internal governance system and improve disclosure to stakeholders; unsystematic data and asset records, which can be overcome by developing centralised digital databases and conducting comprehensive asset mapping, as well as; overemphasis on bureaucratic procedures over mission-focused outcomes, which can be catered to by aligning governance structure with Shariah Compliance.

Table 1: Governance Challenge and Potential Solution

Author	Governance Challenge	Potential Solution
Ahmad Ayedh et al. (2019).	Poor transparency and fragmented reporting structures.	Standardised public disclosure, mandatory external audits and strengthened oversight.
	Inconsistent accountability resulting from varied institutional forms.	Harmonising governance frameworks and clarifying organisational roles and entity structures.
Abu Talib et al. (2020).	Lack of standardised reporting.	Enforcing national Waqf accounting standards.
	Weak governance and transparency.	Requires the definition of clear organisational roles, the establishment of internal audit processes and clarification of the legal form.
Abdullah (2020).	Resource and capacity gaps.	Training of skilled personnel and the development of an institutional culture of accountability.
	Lack of transparency and accountability in financial and non-financial reporting.	Strengthening internal governance system and improve disclosure to stakeholders.
	Unsystematic data and asset records.	Developing centralised digital databases and conducting comprehensive asset mapping.
	Overemphasis on bureaucratic procedures over mission-focused outcomes.	Aligning governance structure with Shariah Compliance.

Source: Authors

Ahmad Ayedh et al. (2019) stated that challenges facing the Waqf trust fund include stakeholder confidence in fund utilisation, further proposing a potential solution of publishing regular, accessible impact and financial reports and highlighting results as presented in Table 2. Meanwhile, Abu Talib et al. (2020) mentioned a challenge in idle Waqf assets to commercialise and suggested developing Waqf assets commercially to generate income for the Waqf trust fund as presented in Table 2. Sulaiman and Hasan (2021a) observed limited public understanding and awareness of Waqf unit trust mechanisms, thus proposing potential solutions, including public education campaigns and seminars to promote knowledge on Waqf-linked unit trusts and tax incentives as presented in Table 2. Mohaiyadin et al. (2022) identified an accountability challenge in Waqf distribution decisions, recommending a blockchain-based solution that enhances transparency and promotes stakeholder awareness within the blockchain ecosystem as presented in Table 2.

Table 2: Waqf Trust Fund Challenge and Potential Solution

Author	Waqf Trust Fund Challenge	Potential Solution
Ahmad Ayedh et al. (2019).	Stakeholder. confidence in fund utilisation.	Proposing a potential solution of publishing regular, accessible impact and financial reports and highlighting results.
Abu Talib et al. (2020).	Commercialisation of Waqf assets.	Developing Waqf assets commercially to generate income for the Waqf trust fund.
Sulaiman and Hasan (2021a).	Limited public understanding and awareness of Waqf unit trust mechanisms.	Public education campaigns and seminars to promote knowledge on Waqf-linked unit trusts and tax incentives.
Mohaiyadin et al. (2022).	Accountability challenge in Waqf distribution decisions.	Blockchain-based solution that enhances transparency and promotes stakeholder awareness within the blockchain ecosystem.

Source: Authors

Waqf Products

Various types of Waqf products have been introduced, with nearly ten major forms identified based on developments from 1998 to the present. However, this study decided to begin by highlighting existing Waqf assets, as it provides a more practical foundation grounded in findings from articles published over the past five years. By examining these existing assets, the identification of Waqf Products becomes more relevant and impactful, especially within the public university's context. Waqf assets can be broadly classified into two main categories, each offering unique opportunities for development and sustainability: *Al-Usul Al-Manqulah* (Movable Assets) and *Al-Usul Ghayr Al-Manqulah* (Immovable Assets). *Al-Usul Al-Manqulah* (Movable Assets) are the assets that can be physically moved from one place to another, such as cash Waqf (Ali & Markom, 2020; Mohamad & Sulong, 2022), sukuk (Sugianto et al., 2022), Quran, religious books and vehicles (JAWHAR, 2018) as presented in Table 3. In contrast, *Al-Usul Ghayr Al-Manqulah* (Immovable Assets) are the assets that are fixed and cannot be moved without altering their nature, such as land, buildings, fixed infrastructure and plantations. According to Abdul Aziz (2021), *Al-Usul Ghayr Al-Manqulah* (Immovable Assets) were used to support underprivileged families during the COVID-19 pandemic by providing devices such as laptops, tablets and smartphones for home-based learning, which were returned after the situation improved as presented in Table 3.

Usufruct- Manfa'ah Ma'liyyah (Monetary Benefits) refers to monetary benefits derived from Waqf assets, including direct financial income. This involves dividends from *Mudharabah* investment (Shariah Compliance) for cash Waqf (Nour Aldeen et al., 2022; Wan Ismail & Abdul Rasool, 2021) under Yes category of *Al-Usul Al-Manqulah* (Movable Assets) as presented in Table 3 and Waqf real estate (rental income from housing) through *Ijarah* contract (Haron et al., 2021) under Yes category of *Al-Usul Ghayr Al-Manqulah* (Immovable Assets) as presented in Table 3. *Usufruct- Manfa'ah Ghayr Ma'liyyah* (Non-Monetary Benefits) refers to non-monetary, socially or spiritually valuable benefits derived from Waqf assets. This

includes education, knowledge (Amin et al., 2024), religious service, or public infrastructure like water facilities (Amin et al., 2024; Ishak et al., 2023), without producing direct financial income. Knowledge, for example, is an intangible asset, but can be associated with *Al-Usul Al-Manqulah* (Movable Assets) and under Yes category as presented Table 3; in this context, it refers to books, digital files and teaching sessions.

Table 3: Waqf Products

Details	<i>Al-Usul Al-Manqulah</i> (Movable Assets)	<i>Al-Usul Ghayr Al-Manqulah</i> (Immovable Assets)
Examples	Cash Waqf (Ali & Markom, 2020; Mohamad & Sulong, 2022) Sukuk (Sugianto et al., 2022) Quran, religious books and vehicles (JAWHAR, 2018).	Used to support underprivileged families during the COVID-19 pandemic by providing devices such as laptops, tablets and smartphones for home-based learning, which were returned after the situation improved (Abdul Aziz, 2021).
<i>Usufruct- Manfa'ah Ma'liyyah</i> (Monetary Benefits)	Yes.	Yes.
<i>Usufruct- Manfa'ah Ghayr Ma'liyyah</i> (Non-Monetary Benefits)	Yes.	Not Applicable.

Source: Authors

Religious Institutional Logic – Shariah Compliance

This study adopts the religious institutional logic, specifically rooted in Islam and grounded in Institutional Theory, acknowledging the role of heterogeneity as a source of pressure within institutions. Originally, DiMaggio & Powell (1983) highlighted three elements of isomorphism; Coercive, Normative, and Mimetic, which are considered homogenous factors that act as sources of pressure. However, Friedland and Alford (1991), as well as Thornton (2004), mentioned that heterogeneity arises from diverse societal domains like religion. Abu Talib et al. (2020) identified several dimensions of Islamic institutional logic in Waqf institutions, such as religious councils, Fatwa institutions and Shariah Compliance, among others. In reviewing the literature on Waqf products, most studies are anchored in Shariah Compliance. Abu Talib et al. (2020) found that Shariah Compliance serves as formal control by the State Islamic Religious Councils and the Fatwa Council over Waqf matters, encompassing all elements of Institutional Theory. Mohaiyadin et al. (2022) found that Shariah Compliance falls under Normative Isomorphism in explaining accountability challenges in Waqf distribution decisions made by internal members, while Blockchain solutions enhance stakeholder awareness of Waqf distribution.

Abdullah (2020a) explained that the Shariah Advisory Committee in Malaysia assess the compatibility of Waqf-related products with the Islamic commercial principle, *Muamalat*. Sulaiman and Hasan (2021a) further emphasised that the concept of Waqf has been structured to align with a variety of financial products, including Shariah Compliance investment

instruments. The following sub-section explores this matter in detail. Abdullah (2020) stated that the solution for lack of transparency and accountability in financial and non-financial reporting promotes *Shura* (Consultation and Participatory Decision Making) to ensure mutual benefits and avoidance of oppression. Abdullah (2020) reinforced that the solution for unsystematic data and asset records, as well as bureaucratic procedures over mission-focused outcomes, reinforces *Maslahah* (Social Welfare) in ensuring that the governance of Waqf institutions leads to social justice and comprehensive human development. *Mas'uliyah* (Accountability) and proper record-keeping for Waqf assets were the elements of Shariah Compliance in the data and asset management (Abdullah, 2020). Meanwhile, Islamic ethics and Shariah-based governance culture represent the Shariah Compliance elements in the human capital and governance (Abdullah, 2020). In addition, disclosure and *Amanah* were the Shariah Compliance elements in the transparency and *Mas'uliyah* (Accountability) of Waqf funds (Abdullah, 2020). Sulaiman and Hasan (2021a) stated that a solution for limited public understanding and awareness of Waqf unit trust mechanisms supports the Shariah Compliance of *Ilm* (knowledge dissemination), aligning with the objective of educating Ummah to fulfil Waqf obligations responsibly.

Research Methodology

This study employed the research onion conceptual model developed by Saunders et al. (2019). It adopted a qualitative approach by Creswell and Creswell (2018) and supports the interpretivism philosophy, specifically the interpretation case study by Walsham (1995) in a cross-sectional time horizon, where reality is socially constructed, while meaning is derived from context. Case study research entails a deep, sustained inquiry often marked by repeated interactions with informants, a pattern aligned with the iterative process described by Orlikowski (1993) and Miles et al. (2014). Yin (2003) also mentioned that a case study strategy enables an in-depth and contextualised analysis of a research phenomenon. This study adopted an abduction research approach, moving back and forth between theory and data (iterative approach) by Timmermans and Tavory (2012).

A judgmental sampling technique by Yin (2015) was carried out by interviewing key players in university Waqf management at NDUM, combined with supporting documents and field notes. Semi-structured interviews were used, comprising open-ended questions to allow participants the freedom to articulate their thoughts and lived experiences as stated by Creswell and Creswell (2018). Meanwhile, supporting documents in this study included sources from websites and reading materials provided by informants. Field notes in this study were obtained by taking notes during interviews. According to Mohaiyadin (2024), research notes obtained by engaging with respondents allow a researcher to construct informed interpretations, support early-stage coding and contribute to the overall rigour and trustworthiness of the study.

Preliminary analysis was concurrently conducted during the data collection process to support an iterative research design. It enables researchers to refine research questions or interview protocols in real time, ensuring alignment with emerging informant narratives. By identifying recurring concepts, notable patterns, or even contradictions within the data, researchers can begin to assess theoretical saturation and decide whether additional data is necessary (Creswell & Poth, 2018). Initial coding was employed to capture key ideas, contradictions and areas of interest, which informed the refinement of interview questions and contributed to theoretical sensitivity. This early stage also laid the groundwork for building robust categories and codes, forming the analytical foundation for deeper thematic exploration. According to Miles et al. (2014), preliminary analysis for qualitative data analysis involves listening to the recording and

reading through interview transcripts and field notes to familiarise oneself with the data and to begin identifying emergent patterns and concepts. It starts early in the research process, often during data collection, as the researcher begins to make sense of the data (Miles et al., 2014). The insights gathered during this stage set the foundation for developing the final coding framework and thematic categories. Drawing upon the coding framework by Corbin and Strauss (2015), this study utilised a manual coding for data analysis.

Findings and Discussion

This preliminary study explores the development of a sustainable waqf product model at the NDUM from religious institutional logic and Waqf product perspectives. This section highlights two key insights uncovered by the authors: Challenges in governance and Waqf trust fund, along with potential solutions and the types of Waqf products. These are essential to addressing the aims of this study and understanding the core dynamics of the Waqf management. Before delving deeper into the discussion, Table 4 presents the background of the informants. These informants were selected with extensive experience in managing the university Waqf since 2017. Informants' insights are therefore invaluable in understanding how a university is administered and in supporting authors to achieve this study's aims. The duration of the interviews was 2 hours and 21 minutes, a rich and focused exchange of insights.

Table 4: Background of the Informants

No.	Faculty/Office/Department/Division	Symbol	Frequency	Hours and Minutes
1.	Centre of Waqf Management	R1	1	1 hour 30 minutes
2.	Bursary Office	R2	1	51 minutes
	Duration of interviews in hours and minutes			2 hours 21 minutes

Source: Authors

Challenges and Potential Solutions

Two key challenges were identified in a sustainable waqf product model: Governance and the Waqf trust fund. Under the governance category, five thematic challenges and potential solutions were uncovered, while one core challenge and potential solution were identified under the Waqf trust fund. The following sub-section presents the findings and discussion on the five governance-related challenges and potential solutions in detail.

Governance

Findings revealed five governance challenges and potential solutions in this study, including authority delegation, information transparency, financial transparency, waqf immovable asset policy and human resources. Authority delegation represents the roles discussion. Information refers to the transparency discussion. The separation of the Waqf trust account is related to the financial governance and accountability discussion. Waqf asset policy is linked to the regulatory and procedural framework. Finally, human resources are related to institutional capacity and staffing structure. The following are the key findings and insights on authority delegation and potential solutions.

Authority Delegation and Potential Solutions

It was observed that the main challenge is organising meetings due to frequent changes in the vice chancellor and coordinating schedules with the Federal Territories Islamic Religious Council. Additionally, differences in approval authority between the two sides caused a challenge in authority delegation. Following is the informants' feedback:

- R1(C1.3.): Our main challenge is in organising meetings, due to the frequent changes of the Vice Chancellor and the need to coordinate date setting with the Federal Territories Islamic Religious Council.*
- R1(C1.4.): The mismatch in approval authority levels between the two agencies is also a problem.*

This highlights an unclear decision-making hierarchy, where the absence of proper delegation leads to delays in decision-making. It indicates the ambiguity of the role, which hinders strategic and operational executions. This challenge reflects a breakdown in accountability and empowerment, key governance principles. This finding is parallel with that by Ahmad Ayedh et al. (2019) showing inconsistent accountability due to varied institutional forms, even though the case was in the State Islamic Religious Councils. Shariah Compliance plays a critical role in reinforcing the importance of clear governance structure, which places strong emphasis on *Shura* (consultation and participatory decision-making); when authority is clearly delegated, meaningful consultation is facilitated, empowering collective governance. Abdullah (2020) stated that the solution for lack of accountability promotes *Shura* (Consultation and Participatory Decision Making) to ensure mutual benefits and avoidance of oppression. Furthermore, it was discovered that a longer term of service of around five years would help ensure continuity and smoother coordination. To move forward, NDUM must embrace the concept of delegated authority, while a proposal on this delegation should be discussed as a first step toward streamlined governance. The following presents the informants' feedback:

- R1(S1.3.): If the Vice Chancellor's term of service is relatively long, around five years, it would be manageable.*
- R1(S1.4.): Once approval under Section 44(11d), Income Tax Act 1967, is obtained, the Waqf account must be separated, with independent auditing, and the Centre of Waqf Management will have full authority over investment decisions.*
- R1(S1.5.): Federal Territories Islamic Religious Council and National Defence University of Malaysia need to adopt a concept of delegation authority.*
- R1(S1.6.): The proposal paper on the delegation of authority needs to be discussed first.*

In this potential solution, Shariah Compliance also emphasises *Tafwid* (delegation of authority). Delegation is permissible and even encouraged in Shariah to ensure efficiency. With a proper delegation, it will be consistent with *Tafwid Ma'a Al-Amanah* (principle of task delegation with trust). Clear roles (Ahmad Ayedh et al., 2019; Abu Talib et al., 2020) are important to achieve the objective of Waqf products.

Information Transparency and Potential Solutions

Transparency is essential for smooth and effective communication. Adequate information sharing strengthens monitoring, reporting and stakeholder engagement. It can also impact the trust and legitimacy of the Waqf institution. An informant in this study mentioned that there is no formal documentation; instead, decisions regarding the investment of received funds are made through verbal discussions with the principals. This challenge was also mentioned by Abu Talib et al. (2020), even in the context of state Islamic religious councils. From a Shariah Compliance perspective, again, transparency aligns with the principle of consultation and *Shura* (participatory decision-making), suggesting governance gaps in evidence-based planning and inhibiting the effective discharge of fiduciary duties by *Al-Waqif* (Waqf Giver)

and stakeholders. This insight is consistent with that of Abdullah (2020). Informants reported that:

R2(C1.1.): Actually, we do not have clear information on which funds have principals...we only received the information verbally.

R2(C1.3.): Actually, it is the Centre of Waqf Management that recommends and informs the Bursary which portion of the funds can be invested. So far, discussions have only been verbalised, and there is no formal documentation.

However, it was recommended that *Al-Mutawalli* (Waqf administrator) should enhance public engagement with a set of clear targets, actively promoting the Waqf products and updating the public to assist people in understanding the purpose and impact of Waqf products. From a Shariah Compliance perspective, it emphasises *Mas'uliyah* (accountability) and is also consistent with Abdullah (2020), which requires *Al-Mutawalli* (Waqf administrator) to act with transparency, clarity and responsibility towards stakeholders. The feedback from the informants is presented below:

R2(S1.5.): We need to set clear targets. For example, if it's for a Waqf hearse van, we should set a one-year timeline and actively promote it. We must inform the public about how many vans are currently available and how many are still needed. With this information, people will better understand the purpose of the Waqf.

Financial Transparency and Potential Solutions

Financial transparency is potent for fund management and traceability. It signals strong financial governance, particularly in Waqf fund segregation, compliance and auditing practices. Abu Talib et al. (2020) stated that the lack of standardised reporting, weak governance and transparency were the governance challenges in Waqf. Furthermore, Abdullah (2020) also disclosed that the lack of transparency and accountability in financial and non-financial reporting was one of the governance challenges. From a Shariah perspective, this initiative is crucial to uphold *Mas'uliyah* (accountability), as stated by Abdullah (2020). Proper segregation and reporting of *Waqf* funds ensure that the assets are managed solely for the intended purpose and in line with the conditions set by *Al-Waqif* (Waqf Giver), thereby fulfilling the Shariah Compliance obligations. The following presents the informants' feedback:

R2(C1.2. & S1.1.): We currently do not have a proper recording system specifically for Waqf funds, but we have proposed to implement it this year. Our financial statement will reflect a separate Waqf Fund structure...which will provide better visibility...We received over RM5,000 per month.

Waqf Immovable Asset Policy and Potential Solutions

The absence of standardised policies and a regulatory framework on Waqf immovable assets leads to inconsistent treatment and legal ambiguity. This reflects a governance failure in establishing rules, procedures and asset protection mechanisms. According to informants, the policy is not yet in place, as Waqf immovable assets have not been received. The feedback provided by the informants is as follows:

R2(C1.4.): *At the moment, we have not yet received any immovable asset that is formally recognised as Waqf.*

R2(C1.5.): *I believe there is no existing policy regarding Waqf immovable assets.*

R2(C1.9.): *...If Al-Waqif has already purchased the Al-Quran and donated it, there may be no official record. However, this depends on how Centre of Waqf Management chooses to handle it.*

From a Shariah compliance perspective, establishing a clear policy framework in advance is essential to uphold the principles of *Mas'uliyah* (accountability). In the author's opinion, this finding is new to the NDUM context, thus requiring exploration. Being well-prepared ensures that, once Waqf's immovable assets are received, they can be managed promptly and in accordance with Islamic legal and ethical standards. However, the informant mentioned that clear guidelines and processes must be developed in coordination with the National Accounting Department, National Audit Department and *Al-Mutawalli* (Waqf administrator) to ensure proper management and compliance. Informants shared the following insights:

R2(S1.2.): *If we receive an immovable asset as Waqf, we will need to have discussions with National Accounting Department and National Audit Department on how to record the Waqf immovable asset.*

R2(S1.4.): *The structure and process for the immovable asset need to be discussed again with the Waqf Management Centre to establish clear and proper guidelines.*

Human Resources and Potential Solutions

Inadequate institutional capacity and operational support undermine execution, planning, monitoring and innovation. Two sub-challenges emerged from this theme: The presence of an inactive committee and a shortage of staff. Lack of resources and capacity gaps were also mentioned by Abu Talib et al. (2020). An inactive committee reflects the principles of *Mas'uliyah* (accountability). On the other hand, staffing ensures that governance structures are functional and properly resourced, which is a key requirement in maintaining the integrity and legitimacy of Waqf under Islamic law. This finding is consistent with Abdullah (2020). The following responses were gathered from the informants:

R2(C1.6.): *The Centre of Waqf Management must function through a committee. The committee exists but is not active.*

R2(C1.7.): *I asked the Centre of Waqf Management, and they said one of the main constraints is the lack of staff. There are many ideas, but they are hesitant to implement them.*

In mitigating this matter, informants mentioned that *Al-Mutawalli* (Waqf administrator) should formally hold regular meetings and merge with another centre, which is referring to the Centre of Islamic. From a Shariah Compliance perspective, these steps are crucial to ensure effective governance. Regular meetings embody the principle of *Shura* (consultation and participatory decision-making), while a clear and unified organisational structure supports better management of the Waqf. The following feedback reflects key observations made by the informants:

R2(S1.3.): *Formally, the Centre of Waqf Management needs to hold meetings, including meetings with the Bursary.*

R2(SI.7.): The other day, I heard there was a suggestion to merge the Centre of Waqf Management and Centre of Islamic into a single entity...

Waqf Trust Fund

Findings also revealed one Waqf trust fund challenge, which is a key performance index set by the Ministry of Higher Education. These indexes are designed to ensure accountability, quality and continuous improvement on Waqf products within universities. This challenge is related to stakeholder engagement, which not only affects institutional credibility but also impacts compliance with national regulations and Shariah. The following sub-section presents the challenge and potential solutions in detail.

Key Performance Index set by the Ministry of Higher Education and Potential Solutions

Findings revealed that there was difficulty in achieving the Key Performance Index (KPI) set by the Ministry of Higher Education. The contribution by the staff was very low, whereas the funds received were not under a central management. It signals potential issues related to the design, attractiveness and relevance of the waqf products offered to the staff. From the Shariah Compliance perspective, effective central management and attractive Waqf products are essential to encourage participation, maximising the *Maslahah* (Social Welfare) for the community. The following presents the informants' feedback:

R1(CI.1.): Staff commitment is very low, not even reaching 10%.

R1(CI.2.): We have done calculations, and at most, it amounts to RM1.2 million only, not reaching 3.5%. The Zakat management was placed under the Centre of Islamic, the Endowment management was placed under Bursary, and Waqf management under Centre of Waqf Management. However, the KPI for total of funds received was assigned to the Centre of Waqf Management.

R2(CI.8.): Actually, the target was 2.5%, but it was not achieved...last year it was over 1.4%.

Findings indicated that addressing this challenge requires redesigning the funds received under a central management. Redesigning the management of Waqf trust funds to be centralised aligns with Shariah Compliance by enhancing transparency and ensuring effective oversight. A central management system strengthens *Mas'uliyah* (accountability) of Waqf resources. The following illustrates the informants' feedback:

R1(SI.1.): At Universiti Putra Malaysia, all three (waqf, zakat, and endowment) are placed under the same centre/unit.

R1(SI.2.): ...If these funds received were consolidated under the Centre of Waqf Management, the KPI for total of funds received by the university would be achievable...

RS(SI.6.): Like other universities, they place everything under the management of a single centre.

Waqf Product

Besides, the findings also highlighted the potential of asset-based Waqf products at NDUM. Beyond the challenges and potential solutions, this study also uncovered two distinct types of Waqf products, offering *Usufruct- Manfa'ah Ma'liyyah* (Monetary Benefits) and *Usufruct-*

Manfa'ah Ghayr Ma'liyyah (Non-Monetary Benefits). The following sub-sections are a further discussion on this matter.

Usufruct- Manfa'ah Ma'liyyah (Monetary Benefits)

Only two of Waqf's products were identified as *Usufruct- Manfa'ah Ma'liyyah* (Monetary Benefits). These refer to *Al-Usul Al-Manqulah* (Movable Assets) and *Al-Usul Ghayr Al-Manqulah* (Immovable Assets). The following sub-sections are a further discussion on this matter.

Al-Usul Al-Manqulah (Movable Assets)

Salary deduction, ambulance and hearse van were classified under the category of *Al-Usul Al-Manqulah* (Movable Assets) Waqf products at NDUM. *Usufruct- Manfa'ah Ma'liyyah* (Monetary Benefits) from the salary deduction is based on the Fixed Deposit (*Mudharabah*) returns, which relates to Shariah Compliance and is permissible. It is also consistent with Nour Aldeen et al. (2022), as well as Wan Ismail and Abdul Rasool (2021). *Usufruct- Manfa'ah Ma'liyyah* (Monetary Benefits) from the ambulance and hearse van is based on the service income, which relates to Shariah Compliance and is used for recurring benefit to the *Ummah*. The following is the feedback obtained from informants:

R1(WP1.1.): Salary deduction goes into Waqf Management Centre.

R1(WP1.2.): Only Cash Waqf is invested through Mudharabah, we will distribute the returns.

R2(WP1.1.): Funds from salary deductions...last year, we placed a Fixed Deposit of RM240,000.

R2(WP1.2.): The other day, I suggested whether we could collect Waqf contributions for an ambulance and hearse van...it has potential to generate income...

Al-Usul Ghayr Al-Manqulah (Immovable Assets)

Additionally, authors identified an apartment under the category of *Al-Usul Ghayr Al-Manqulah* (Immovable Assets) as one of the Waqf products at NDUM. *Usufruct- Manfa'ah Ma'liyyah* (Monetary Benefits) from the apartment is based on the rental income through *Ijarah* contract (a lawful asset is transferred to another party for a specified period and an agreed compensation, while ownership of the assets remains with the lessor), the benefit from the assets that relates to Shariah Compliance, where the monetary benefit from the income is used and permissible for beneficiaries. This is also consistent with Haron et al. (2021). The following is the feedback obtained from informants:

R1(WP1.3.): We have plans to purchase an apartment and rent it out as a source of income generation.

Usufruct- Manfa'ah Ghayr Ma'liyyah (Non-Monetary Benefits)

This study found that only one of the Waqf product has been identified as *Usufruct- Manfa'ah Ghayr Ma'liyyah* (Non-Monetary Benefits), which refers to *Al-Usul Al-Manqulah* (Movable Assets). The following sub-sections are a further discussion on this matter.

Al-Usul Al-Manqulah (Movable Assets)

Books and Quran were classified under the category of *Usufruct- Manfa'ah Ghayr Ma'liyyah* (Non-Monetary Benefits) Waqf products at NDUM. A book relates to Shariah Compliance when it delivers knowledge and guidance. Al-Quran is purchased, but its use (reading,

teaching) is the actual benefit and in line with Shariah Compliance and consistent with Amin et al. (2024). The following presents the feedback obtained from informants:

R1(WP1.4.): Book project with the Department of Library.

R2(WP1.3.): ...in the case of Waqf Al-Quran, if Al-Waqif gives cash, the process can proceed smoothly.

Conclusion and Recommendations

This study is a preliminary study to explore the development of a sustainable Waqf product model at the National Defence University of Malaysia (NDUM) from a religious institutional logic perspective. Based on the findings, governance and Waqf trust fund challenges and potential solutions were discovered to be highlighted in developing the model of Waqf products in the NDUM context. In governance challenges and potential solutions, five challenges were identified in this category, namely authority delegation, information transparency, financial transparency, waqf immovable asset policy and human resources. In the Waqf trust fund challenge and potential solution, one challenge was observed in this category, namely key performance index set by the Ministry of Higher Education.

Furthermore, two categories of Waqf products were discovered to be suggested in developing the model of Waqf Product in NDUM, namely *Usufruct- Manfa'ah Ma'liyyah* (Monetary Benefits) and *Usufruct- Manfa'ah Ghayr Ma'liyyah* (Non-Monetary Benefits). These products have been developed based on renowned Waqf assets, *Al-Usul Al-Manqulah* (Movable Assets) and *Al-Usul Ghayr Al-Manqulah* (Immovable Assets) to achieve Sustainable Development Goal (SDG) 4, financial support for quality in education. The authors of this study used the religious institutional logic, Shariah Compliance, to underpin this study. Elements in Shariah Compliance have been identified in this study, including *Shura* (Consultation and Participatory Decision Making) and *Mas'uliyah* (Accountability). Theoretically, the findings imply the development of a sustainable waqf product model in religious institutional logic, Shariah Compliance perspective. Practically, the findings imply a need for a policy on income generation for the university. This study clearly recommends a shift in policy to address these concerns.

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