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WAQF AS A SUSTAINABLE FINANCING MECHANISM FOR EDUCATION: DEVELOPING A GOVERNANCE AND RESOURCE MANAGEMENT MODEL

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Abstract:

Educational institutions, especially those that are community-based and privately managed, are experiencing financial instability due to increased operational costs and the reliance on unpredictable sources of funding. While historically, waqf has aided the growth of education in Muslim communities, current waqf management is nevertheless challenged by fragmented governance structures, inadequate accountability systems and inefficient utilization of resources. The existing research is mostly conducted on governance, sustainability, and waqf funding independently. There is limited attention towards the broad conceptual frameworks that explain the possibilities of waqf as a sustainable education financing system. This study develops a governance and resource management model for waqf-based education by merging governance, resource-based view (RBV) and sustainability theory. The study employs a rigorous conceptual analysis through a structured synthesis of previous material on waqf governance, resource management and sustainable funding. The suggested model consists of three interrelated parts, i.e., input, process and output. The governance layer deals with the regulation of accountability, transparency and

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monitoring procedures. The resource management layer deals with the strategic allocation, investment and utilization of waqf resources. The study suggests that good governance enhances the trust of stakeholders and ensures continuity of funding, which in turn leads to better efficiency in the allocation of resources and long-term sustainability of institutions. Theoretically, the model helps integrate the governance and sustainability perspectives into a single conceptual framework. In practice, the model offers direction for policymakers, waqf organizations, educational administrators, and practitioners of Islamic finance to establish more accountable and sustainable systems of education financing. The suggested approach also sets the ground for further empirical study on the governance of waqf and sustainable educational development. Hence, it improves the long-term sustainability, governance efficiency and accessibility of educational institutions.

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Keywords:

Education Financing; Financial Sustainability; Governance; Resource Management; Waqf.



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Introduction

Many educational institutions throughout the world face mounting challenges regarding funding due to increasing operational costs and insufficient governmental support. For many organizations, especially those that are relatively small and privately owned, reliance on unstable donations poses considerable problems as it impedes long-term planning and sustainability of operations. Such a situation demonstrates the importance of finding effective financing solutions that would ensure steady and consistent inflow of capital into organizations. Waqf offers an alternative for institutions seeking more stable and community-based financing structures (Mahamood & Ab Rahman, 2015; Usman & Ab Rahman, 2023).

Waqf is a well-established mechanism used to finance educational institutions in Islamic societies throughout centuries. Being a crucial instrument of development, waqf provided for establishment and functioning of madrasas and other institutions which played a significant role in development of social and financial sectors (Ayub et al., 2025; Nabi et al., 2019). More recently, there has been a tendency of using waqf as a funding mechanism for modern educational institutions. For instance, several Malaysian higher learning institutions created waqf funds as a means to ensure financial stability and independence from governmental funding (Usman & Ab Rahman, 2023; Noor Ariffin et al., 2024).

The issue of waqf management still remains fragmented and ineffective. The lack of transparency, poor accountability, and inconsistent regulation make waqf management less efficient, which can lead to the misallocation or inefficiency of resource utilisation (Ayub et

al., 2025; Zain et al., 2024). Additionally, various obstacles and limitations related to laws and institutions in certain countries prevent an optimal usage and utilisation of waqf properties (Nabi et al., 2019; Jafar et al., 2025). In spite of the calls for reforms associated with implementing international standards and introducing new technologies, such measures prove insufficient due to their inconsistency across various settings (Zain et al., 2024; Jafar et al., 2025).

In terms of resource management, the main factors that influence the sustainability of waqf lie in the proper mobilisation, distribution, and application of resources. Innovative financing techniques, such as cash waqf and sukuk waqf, have been designed to provide additional funding opportunities and generate stable income for educational purposes (Zaib et al., 2025; Wijaya, 2023). However, the lack of effective governance systems can limit the efficiency of these approaches to a considerable extent. Current management strategies are often accompanied by fragmented structures and improper resource management processes.

Governance models also determine the effectiveness of waqf administration. Centralised governance systems might prove less flexible than decentralised models that provide space for local community engagement and accountability (Usman & Ab Rahman, 2023; Listiana et al., 2024). Active involvement of stakeholders in management process, especially in terms of local communities and educational organisations, is essential for ensuring adequate management of waqf funds and alignment of their utilisation with true needs (Listiana et al., 2024; Noor Ariffin et al., 2024).

On the other hand, waqf has significant potential towards furthering sustainability-related goals as well. It can be used towards socio-economic development, poverty reduction, and education expansion in underdeveloped regions (Nabi et al., 2019; Kasdi, 2018). Recent academic research has highlighted the role that waqf plays in sustainable development efforts, especially when it comes to social and environmental projects related to the overall sustainable development agenda (Mohamed & Akande, 2025; Puteh Salin & Ali, 2025).

Nevertheless, many studies conducted on the topic of waqf typically focus on various legal, institutional, or financial aspects of its application in isolation. Although previous research has recognized the importance of waqf in relation to issues such as governance or sustainability, there is not much discussion about the relationship between those governance processes and resource management in the context of the financial aspect of waqf for education purposes. Many publications on waqf are descriptive in nature and are mostly focused on operational or legal issues or theoretical questions related to waqf applications.

Moreover, there is very little information available about models that consider interrelations between governance, resource management strategies, and sustainability objectives within the overall framework of waqf financing of education. Only a few papers in recent literature have examined the causality between accountability processes, stakeholder trust, resource allocation decisions, and financial sustainability. Thus, the theoretical concept of waqf implementation in terms of sustainable development still needs additional exploration and practical application.

To address these gaps in the literature, an integrated framework of waqf governance and resource management for sustainable school financing will be developed in the present study. The proposed theoretical approach will focus on the role of waqf as a whole system in terms of its governance and financing of education.

Literature Review

This part considers essential concepts and issues related to the topic of using waqf for financing education. It will explore aspects related to waqf functioning, sustainability, and waqf governance and resource management in relation to enhancing the impact of the waqf. Literature review will include four major sections. In the first section, it will consider the issue of financing education through the use of waqf from both historical and modern perspectives. Secondly, it will examine the concept of sustainability with regards to financial mobilization, allocation, and utilization. In the third section, it will analyse the topic of governance of waqf management in relation to accountability and transparency. Finally, this section will identify gaps in current research, namely the lack of system-based approaches which would combine governance and resource management issues and address sustainability. This literature review aims at setting the stage for further study by providing an overview of current trends, as well as proving the necessity to develop a model of waqf governance and resource management for sustainable financing of education.

Waqf in Education Financing

The essence of waqf lies in its character of being a perpetual donation whereby the donor does not dispose of his property or asset but rather distributes its benefits perpetually for the welfare of the public (Ayub et al., 2025; Nabi et al., 2019). From a historical perspective, waqf has been a useful source of financing education through the establishment of learning institutions like madrasas and universities. The funding was done using donated property and financial resources that helped deliver education without the input from the government (Ayub et al., 2025; Nabi et al., 2019).

In modern times, waqf financing of education still continues in several places where there may be a problem with public funding. One of these areas includes Malaysia where waqf financing of education involves the establishment of waqf funds by several higher education institutions with an aim of reducing their dependence on the authorities (Usman & Ab Rahman, 2023; Noor Ariffin et al., 2024). This serves to show the emerging image of waqf as a financing mechanism.

It is important to note that waqf financing of education has a much greater scope when combined with cash waqf. Unlike waqf based on real property and assets, cash waqf has the capability of encouraging more contributions from people in smaller amounts, after which the money is put together and invested in order to generate income that will then be used for financing of education (Mahamood & Ab Rahman, 2015; Zaib et al., 2025). It means that waqf becomes much more flexible as a financing mechanism.

Despite all the potential associated with waqf as a financing mechanism of education, it needs to be noted that it will only work successfully if it has the required governance structure and management system to back it up. In cases where the structure is weak, waqf is unlikely to succeed in being a sustainable financing method.

Sustainability and Resource Management

In the context of sustainability in the financing of education, there should be a stable flow of financial resources, and quality educational services should be provided consistently. Proper funding should be secured, and the resources should be used efficiently. The concept of waqf

represents an eternal endowment and provides a tool of endowment financing (Zain et al., 2024). As such, waqf can be considered a way to stabilize income flows.

According to the principles of resource management, sustainability implies three processes – mobilization, allocation, and utilization of funds. In terms of mobilization, the task is to attract stable contributions and expand the resource base. Allocation denotes that the organization makes strategic decisions regarding the amount of funding to be allotted for different purposes. Utilization refers to the need to use the funding properly. Research reveals that the lack of effective management might lead to such inefficiencies as poor asset utilization and insufficient income generation (Nabi et al., 2019).

Research findings demonstrate that a significant share of property waqf resources in developing countries are unused or underutilized (Romli et al., 2025; Haniff et al., 2023). For instance, in Malaysia, according to data provided by JAWHAR statistics, nearly 16% of all waqf parcels are idle or unused – the number is 3,018 parcels representing 2,415 hectares of land (Romli et al., 2025). The reasons for this are related to inefficient planning, lack of expertise, and other obstacles in waqf administration, which are associated with the state-level fragmentation of the management process and lack of proper monitoring (Abd Jalil, 2020; Romli et al., 2025). Thus, there are no attempts to realize the full potential of waqf resources to support sustainable financing of such projects as housing and community welfare (Haniff et al., 2023).

Innovative financial instruments, including waqf cash and waqf sukuk, have been developed to help solve the problem of efficient utilization of resources (Wijaya, 2023; Zaib et al., 2025). These instruments can be used by waqf organizations to invest in diversified financial products in order to hedge against the risks inherent to asset-based financial products.

Investment planning and cost control, which represent effective modern financial management practices, can help increase efficiency. Otherwise, without the mentioned approaches, funding is often spent on immediate needs instead of sustainability purposes. Hence, the implementation of appropriate tools for financial planning and waqf management is required.

Governance in Waqf Management

Governance is a critical determinant of the effectiveness of waqf management. It refers back to the structures, processes and mechanisms which ensure accountability, transparency and proper oversight in the use of waqf resources. Strong governance frameworks are important to maintain public trust and to ensure that waqf assets are managed in accordance with donor wishes and legal requirements (Ayub et al., 2025).

Governance involves accountability mechanisms, transparent reporting systems and effective monitoring and control. Accountability makes sure that the waqf managers are acting as trustees and have the duty to protect and use resources properly. Transparency means sharing financial information and operational decisions, which is essential to gain stakeholders' trust. Audits and regulatory oversight are examples of monitoring mechanisms to avoid misuse of funds and to ensure compliance with established standards (Zain et al., 2024).

Notwithstanding these principles, many waqf systems continue to suffer from governance challenges. Research has pointed to key factors contributing to inefficiencies including weak oversight, lack of standardised reporting and limited enforcement of regulations (Jafar et al.,

2025). In some cases, governance structures may be too centralised, limiting flexibility and slowing down decision-making. In some cases, decentralised systems may not have proper control mechanisms and thus differences in management practices.

Comparative evidence reveals that governance models have a significant effect on the performance of waqf institutions. For example, centralised governance structures (e.g. Malaysia) provide strong institutional control but may limit innovation and stakeholder participation. More decentralised models, such as those adopted in some other jurisdictions, can increase local engagement but require strong monitoring systems to ensure accountability (Listiana et al., 2024).

Another major issue of governance is that of public trust. Waqf is based on voluntary contributions, and its sustainability depends on the confidence of the donors. Weak governance practices such as lack of transparency and mismanagement erode trust and reduce participation in the system. This creates a cycle where limited funding further limits the capacity of institutions to improve governance, reinforcing inefficiencies.

Research Gap

The existing literature extensively discusses the role of waqf in terms of education financing, sustainability and governance (Usman & Ab Rahman, 2023; Rohana et al., 2024; Hasan et al., 2019). These are, however, often analysed in isolation instead of as part of an integrated system (Rohana et al., 2024). Most of the studies are focused on legal frameworks, conceptual analysis, or specific case studies, and very little has been done to develop comprehensive models that integrate governance and management of resources within a sustainability framework (Rohana et al., 2024; Hasan et al., 2019).

There is a clear lack of system-based approaches to explain how waqf can be structured and managed as a complete financing system for education (Rohana et al., 2024). However, current literature has not adequately explored the interactions between governance mechanisms and resource management processes in achieving sustainable outcomes (Rohana et al., 2024; Hasan et al., 2019). This gap limits the practical applicability of existing knowledge and the ability of policymakers and institutions to implement effective solutions (Rohana et al., 2024; Usman & Ab Rahman, 2023).

Moreover, there is limited empirical and conceptual work that translates theoretical principles into operational models (Rohana et al., 2024; Hasan et al., 2019). There is a lack of structured frameworks to demonstrate the practical implementation of accountability, efficiency, and sustainability (Rohana et al., 2024; Hasan et al., 2019).

This study addresses those gaps by developing a model for the governance and management of resources by integrating the critical elements of waqf financing into a comprehensive system (Rohana et al., 2024). The study adopts a system-based perspective that not only provides descriptive analysis but also makes available a practical framework to aid in implementation and sustain education financing (Rohana et al., 2024; Usman & Ab Rahman, 2023).

Methodology

Conceptual research design will be used to propose the integrated model of governance and resource management for the sustainable financing of waqf-based schools. The selection of this research design is justified by the need to develop an explanation of a relationship between constructs based on previous theoretical insights. Therefore, a researcher may use conceptual design in cases when it is impossible or unnecessary to conduct hypothesis testing (Ravitch & Riggan, 2016; Brady et al., 2020).

In order to perform the rigorous analysis of previous insights related to the issue under discussion, it was necessary to conduct a detailed review of available literature. It should be noted that the process of conceptual analysis consisted of several steps. At first, the researcher performed an analysis of existing studies in the area of waqf financing, governance models, sustainability, and financial management. Secondly, obtained materials were subjected to code analyses. In particular, the principal themes were selected, such as governance, resource mobilization and management, and sustainability. Thirdly, theoretical abstraction was implemented to critique concepts and their relations. Finally, the integration of these components was proposed by means of building an appropriate conceptual model.

As mentioned before, the theoretical basis for building the conceptual model involved theories related to governance, resource-based view, and sustainability. In this regard, it is possible to note that accountability, transparency, and monitoring concepts were drawn from the framework of governance. The resource-based view provided an opportunity to analyse the utilization of resources and competence development in institutions. The idea of long-term stability was associated with the theoretical basis of sustainability.

Conceptual model was developed by means of creating a framework comprising three components: inputs, processes, and outputs. As it could be seen, inputs included waqf resources and institutional support. Processes referred to governance and resource management practices while sustainability was defined as outputs. The interconnections between components were established according to theoretical linkages proposed in previous literature.

Model Development

In this section, a system-based model is developed to explain how waqf can serve as a sustainable financing mechanism for education. The model is based on three main components, input, process and output, that are designed to show how governance and resource management interact to produce sustainable outcome. The model works well when these components are working well together, not when they are working independently of each other.

Model Structure

Input: Resource Base and System Activation

Input component is the basic element to form and maintain the system of waqf financing. It refers to cash income and asset-based income generated from waqfs in addition to public and institutional support. The input concept is highlighted because of the very nature of waqf itself and the need for initial inputs that would allow generating further proceeds; efficiency of this system is largely dependent on the availability of proper and sustainable inputs.

Cash waqf acquires special significance in the modern world since it allows involving more people and ensuring that a steady flow of money would be available. Thus, cash waqf becomes the additional means to achieve certain goals when traditional asset-based waqf solutions fail to provide adequate results or are inefficient regarding liquidity (Mahamood & Ab Rahman, 2015). The importance of public funding should be noted here as the facilitating tool, as waqf itself is a social institution that needs public engagement. Nonetheless, sustainability of such inputs depends on the level of trust, which is associated with the level of governance (Ayub et al., 2025).

In addition, institutional help is needed to transform waqf resources in order to facilitate their use. Educational institutions and waqf bodies can act as intermediaries that enable transformation of raw inputs into specific financial actions that will yield benefits. In other words, institutions become the key mediators between the inputs and outputs that can be achieved. As such, in case the institutional capabilities are lacking, it is impossible to utilize waqf resources properly (Nabi et al., 2019). For instance, waqf assets could not be used due to a lack of competencies and plans.

Process: Governance and Resource Management as Interdependent Systems

The process component is the core of the model. It has two interrelated layers, the governance layer and the resource management layer. These layers are in place to ensure that resources are not only available but also distributed wisely and judiciously. The interaction of these layers is the reason for the effectiveness of the whole system.

Governance Layer: Regulating Resource Flow

The governance layer is responsible for regulating the distribution of resources within the organization. It is needed for the establishment of rules, controls, and oversight procedures needed to guide decision-making and the distribution of waqf money in its intended direction. Thus, the governance layer directly influences the flow of resources by managing how they are managed.

Therefore, waqf managers serve as trustees responsible for securing resources by establishing effective mechanisms of accountability. As such, it limits the probability of resource mismanagement and ensures that financial decisions made reflect donor intentions. Moreover, the increased reporting increases financial transparency and allows stakeholders to keep an eye on the spending of resources. Besides, there are control measures, such as monitoring procedures, and audits to ensure that resources are distributed appropriately and there are no cases of resource misallocation (Ayub et al., 2025; Zain et al., 2024).

The analysis reveals that governance and resource management processes do not take place separately from each other but rather constitute two interrelated elements of the same process. Improved governance practices will help achieve increased transparency and accountability in addition to better monitoring. Greater trust will encourage ongoing public participation and steady influx of funds to implement better resource allocation strategies.

In such a way, the connection between governance and sustainability is not direct but still important. Poor governance practices decrease transparency and increase risks and uncertainties associated with the financial management of an institution, potentially making

people less willing to contribute in the future. On the contrary, an institution with effective governance practices is able to secure continued funding as its management can be trusted.

Moreover, poor governance leads to inefficient resource management, meaning that decisions related to strategic investments and effective fund distribution cannot be made. Without proper management practices, financial resources may be used only for covering costs incurred during everyday operations of the institution instead of long-term planning and investments in future sustainability.

Most of waqf management systems face challenges related to unstandardized reports and inadequate supervision, leading to poor utilization of the organization's resources and overall poor financial performance because of poor governance. Therefore, it is apparent that governance is not just one of the mechanisms but the key underlying component of the whole process.

Resource Management Layer: Converting Inputs into Outcomes

The governance layer controls the system, and the resource management layer is responsible for the operation of converting inputs into outputs. The differentiation is required because of the need for proper management of financial resources to ensure sustained earnings as well as meet institutional needs.

Resource allocation ensures that the resources are channelled to areas that are important from a strategic perspective such as investments in education initiatives, infrastructural development projects, and administrative expenses. It is critical to strategically invest to guarantee continued earnings through waqf, specifically cash waqf. Sound decision-making about investment is crucial in tapping into the full potential of waqf money to earn steady returns (Wijaya, 2023). Efficient cost management helps maximize the output from the use of resources.

The role of governance cannot be underestimated in resource management. Lack of sound governance mechanisms can result in inefficient allocation of resources and poor decision-making concerning investments that do not meet the objectives of the institution. For example, short-termism in financial allocations is likely to contribute to financial instability. On the contrary, good governance is instrumental in promoting resource management in the processes (Zaib et al., 2025).

Interaction Between Governance and Resource Management

The model focuses on the dynamics between governance and resource management. The two elements are interdependent and form a whole where the former affects the latter and vice versa. The resource management is conducted through the lens of governance, determining the guidelines, rules, limits and standards involved in making decisions about the financial resources of institutions. On the contrary, the role of governance is to provide performance data that would be used to evaluate the success of the management of resources. Poor performance and inefficient allocation can indicate deficiencies in the mechanisms of governance. There emerges a synergic interaction whereby good governance promotes efficiency in the use of resources and proper management leads to improved performance. Therefore, sustainability in the model cannot be perceived only from the financial perspective, but is also the result of high-

quality governance, institutional reputation, proper resource allocation, and stakeholder engagement.

(C) Output: Sustainability Outcomes

The process component is the result of the interaction of both the input and output components. It highlights the purpose of the whole process which is ensuring sustainability in the financing of education. The main output will be financial stability and is described by the ability of waqf resources to offer consistent support. Operations of sustainable nature will be represented by the functioning of institutions that run without resorting to risky ways of financing them. This refers to wider impact made on society through improved access to education especially for the marginalized population. However, the above results do not come automatically. This happens depending on the effectiveness of how these resources are managed. According to empirical findings, effective management of the waqf leads to socio-economic development and better access to education while poor management does not generate the same (Nabi et al., 2019; Kasdi, 2018).

Proposed Waqf Governance and Resource Management Model for Sustainable Education Financing

The **Figure 1** shows the proposed model for governance and resource management of waqf for sustainable education financing. It is composed of three basic parts namely, the input, process and output. It offers a sequential process that shows how financial and institutional input are transformed into educational output, which is sustainable.

The input component is the entry point of your system. It is comprised of waqf funds in cash, and assets, public contributions and institutional support. The principal financial foundation is made up of the Waqf funds & the network for resources of public contributions. Institutional support by waqf, and educational institutions provides the administrative and legal structure to manage these resources in an effective way.

The process component is the heart of the model, composed of two interdependent layers: governance and resource management. It provides the accountability, transparency and monitoring mechanisms as a governance layer over the microservices architecture. These provide restrictions on how funds will be utilized as well as require that money is spent only for the reasons laid. This is where good governance garners trust among stakeholders and this is fundamental to continued funding.

The resource management layer deals with operational use of conditional funds. It involves directing resources into priority areas and making wise investments with some long-term even permanent pay-off, as well as cost-driving efficiency. This layer is only effective to the degree that it is guided by structures of governance which enable decision making with less chance for abuse.

The output unit displays the results of the system (for example, financial viability, sustainable institutional operations, improved access to education). The results show that waqf can provide sustainable, reliable financing.

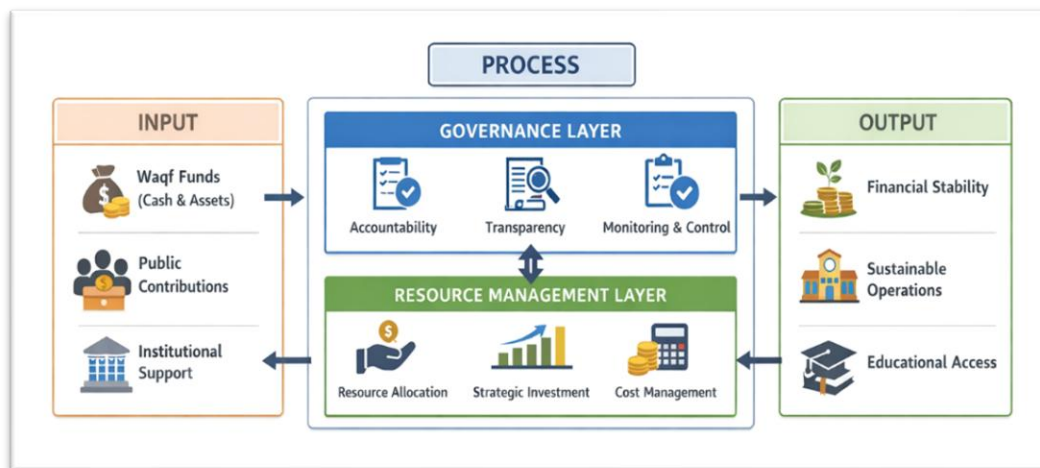


Figure 1: Proposed Waqf Governance and Resource Management Model for Sustainable Education Financing

Source: Developed by the author based on literature.

Theoretical Integration

The present conceptual model is based on the interaction of three related theories: governance theory, Resource-Based View (RBV), and sustainability theory. Taken together, these theories help explain how governance quality and resource management influence the sustainability of waqf financing

According to governance theory, the concept incorporates the use of accountability, transparency, monitoring, and controls as essential means of shaping organizations' effectiveness. The application of governance in the context of the proposed conceptual model will involve regulation of flows of waqf resources, prevention of mismanagement issues, and increased stakeholders' confidence. Good governance is particularly important for waqf institutions due to the direct influence of public confidence in their performance on further contributions to them (Ayub et al., 2025).

RBV suggests that the resources of institutions can be used strategically in order to reach organization's goals and maintain its sustainability (Barney, 1991). In the case of waqf-based financing models, the value of available waqf assets will depend not only on their availability but also on the ability to allocate, invest and manage them successfully. It implies that this theory needs to be included in the conceptual model in order to support it with relevant information.

Sustainability theory focuses on longevity of organizational performance and efficient resource usage by organizations. In the case of the current research, sustainability will be used broadly to refer to the sustainability of educational outcomes generated with the help of waqf financing. Therefore, this theory will be needed as a foundation for determining whether the suggested governance and resource management techniques are capable of providing sustainability of educational results.

As can be seen, the combination of the selected theories forms a coherent model that explains sustainable waqf-based education funding from the system's perspective. Thus, governance theory influences institutional behaviour and ensures proper accountability, RBV explains the

strategic conversion of waqf resources into institutional capabilities, while sustainability theory determines the conditions of longevity of educational outcomes generated by such systems.

Discussion

Effectiveness of the Model

The model solves key issues associated with waqfs of the current times, namely, the lack of a structured governance system as well as a well-organized approach to resource management. At present, the financing of educational establishments by means of waqfs is often associated with problems such as inconsistent funding, the absence of proper planning and accounting systems, and other similar factors hindering sustainability (Usman & Ab Rahman, 2023; Nabi et al., 2019).

Specifically, the implementation of the suggested model makes it possible to boost efficiency in three keyways. To begin with, the governance aspect of waqf allows exercising control in regard to decisions regarding the use of funds via accountability, transparency, and monitoring activities. In addition, better planning may be achieved by ensuring that the allocation and investments will contribute to sustainability. Finally, additional financial inflows become possible due to improved trust levels among stakeholders (Ayub et al., 2025).

Importantly, waqf becomes treated as an instrument of financial management rather than just donations. The change is important since sustainability is dependent on more than just finances. Therefore, combining the discussed governance and resource-management aspects makes the financial environment controlled and predictable.

Comparison with Existing Practices

The differences between the existing and suggested approaches can be highlighted from three major perspectives: (i) structure; (ii) control; and (iii) sustainability.

Structure

Today's waqf practices lack consistency and are fragmented. Resources are collected from various sources without any coherent mechanism of allocating and tracking them. Decisions are often decentralized without necessary coordination, which results in irregularities in financial management. In the new approach, there will be a clear structure of resource management in the form of well-defined flows of input, process, and output. Thanks to such a structure, institutions will be able to conduct planning and management systematically rather than reactively.

Control

Another characteristic of today's waqf practices is poor control measures in place. Poor reporting and inadequate monitoring are contributing factors to ineffective management and misappropriation of funds (Jafar et al., 2025). To avoid such consequences, a model will be developed which includes control measures at all stages of the process of resources flow.

Sustainability

As it happens today, sustainability is treated as a consequence, not an objective of operations in waqf. This situation contributes to reliance on donations and, hence, creates instability of finances in waqf. The suggested approach puts sustainability at the forefront of activities of institutions where governance decisions will be made keeping long-term sustainability in mind.

Thus, it is evident that the proposed model represents not only efficiency but also a complete transformation of the financing system as to governance and management.

Practical Application Across Contexts

The model is created in such a way as to be adaptable to different administrative and organizational settings. The model may be utilized at several levels:

- i. The educational organization can use the model for organizing its waqf fund, thus improving planning and accounting; and
- ii. Waqf organizations may use the proposed governance structure to achieve uniformity in the organization's management and control system.

The centralized systems, which are typical for Malaysia, the proposed model can enhance the current system by adding clear systems of resource management and feedback based on performance criteria. As for the decentralized system, the model provides the necessary basis for coordination and control, which means that the flexibility will not hinder control (Listiana et al., 2024).

Moreover, the model provides the potential for integration with modern financial instruments. For example, cash waqf and financial instruments may be incorporated into the resource management component of the model as tools to provide regular income streams.

Limitations of the Model

However, despite the strengths of the model, it is essential to note several weaknesses in its design. To begin with, it is important to admit that the model has not been tested empirically. Even though it has been developed using existing literature and theories, there still remains the need to empirically verify the performance of the model in practical conditions.

The second limitation related to the model is that it assumes that the institution possesses adequate institutional capacities, which can manifest themselves in having sufficient knowledge regarding finances. However, many waqf organizations suffer from an understaffing problem that affects their ability to introduce the model successfully.

Another limitation lies in the fact that the model does not consider jurisdictional differences. The governance structure in the organization may depend heavily on various legislative requirements. This means that there might be a need to modify the model accordingly.

Finally, there is a possibility that limited data will pose difficulties for applying the model. The process of monitoring relies heavily on having access to accurate financial information.

Risks Associated with the Model

Several risks may arise in the application of the proposed model.

Governance Risk

If governance mechanisms are not properly enforced, the model may fail to achieve its intended outcomes. Weak accountability or lack of transparency can undermine stakeholder trust and reduce funding inflows.

Operational Risk

The implementation of structured resource management systems may increase administrative complexity. Institutions that are not prepared for this shift may face operational challenges, particularly during the transition phase.

Financial Risk

Investment strategies within the resource management layer carry inherent risks. Poor investment decisions can lead to financial losses, which may affect the sustainability of waqf funds. This risk highlights the need for professional expertise and risk management practices.

Resistance to Change

Institutional resistance may also limit the effectiveness of the model. Existing practices, particularly those based on informal or traditional approaches, may be difficult to replace with structured systems.

Implications

Policy Implications

The findings point to a need for governance guidelines to govern the practice of waqf financing in education. Currently, there are many discrepancies in the practices of waqf financing in education with regards to how much regulation there is from jurisdiction to another. Without proper guidelines for governance, it becomes difficult for any oversight and monitoring processes to be carried out effectively. Having uniform governance guidelines for waqf in line with the best benchmarks will lead to more accountable institutions and improved efficiencies within the management of waqfs (Ayub et al., 2025; Zain et al., 2024).

Government involvement is key to providing effective oversight and regulation for the process of waqf financing in the education system. Governments are crucial to developing appropriate frameworks for waqf financing and providing the necessary oversight to ensure that they operate within those frameworks. Oversight is a way of reducing the risks associated with the mismanagement of funds raised in a waqf, something which in turn ensures confidence and continuous support (Jafar et al., 2025).

Management Implications

Within the organizational context, emphasis on capacity building in finance management within the waqfs is highlighted. Waqf organizations lack skills such as financial analysis, budgeting, and financial planning. It is necessary to organize special training programs that will ensure that the administration of waqf resources will have enough skills for effective financing (Nabi et al., 2019).

Financial reporting is another issue. Financial transparency will help to make the organization more accountable while providing an opportunity for assessment. Modern digital tools allow for more effective financial reporting. These practices will not only increase the effectiveness of operations but will also increase the confidence of stakeholders (Zain et al., 2024). It is vital to ensure that people continue donating their money to educational causes.

Finally, systematic methods for resource allocation and management are crucial as well. In order to be effective, it is necessary to integrate management processes with the principles of governance in financial matters (Wijaya, 2023; Zaib et al., 2025).

Academic Contribution

Theoretical Contribution

The current paper makes a theoretical contribution in terms of its development of an overarching conceptual model that brings together governance and resource management in the context of waqf financing of education. The existing literature typically examines governance, sustainability or waqf financing separately. In contrast, the present study contributes to the literature by combining theories of governance, resource management, and sustainability into a single matrix, thereby providing a holistic perspective on how governance and resource management impact the sustainability of education financing.

Practical Contribution

As far as practical application of the current results is concerned, the developed conceptual model can be considered a valuable tool for waqf institutions, administrators, and professionals in Islamic finance when developing more robust and accountable funding models. Moreover, the findings emphasize the importance of effective resource management, strategic financial planning, and consistent monitoring for sustainability of educational organizations in general and their funding in particular.

Policy Contribution

Finally, from a policy-making perspective, the presented study helps inform the development of governance standards for waqf management. Policymakers can use the results of the research as a basis for designing governance standards in the area. Improving the governance structure will lead to increased accountability, better reporting practices, and sustainability of funding mechanisms.

Conclusion

The concept of waqf can be considered a viable mechanism that ensures a steady flow of finance from waqf for education when governed and managed appropriately. The sustainability of waqf financing is conditioned not only by the presence of endowment resources but also by the institution's ability to govern and manage the mentioned resources effectively. Many schools financed through waqf experience problems with inefficient performance due to the lack of effective governance, dispersed management and inconsistent financial planning.

This paper proposes a system-based approach to the management of waqf-related finances, which explains the relationships between different variables, such as the quality of governance, trust from stakeholders, resources allocation, and sustainability of the institution's activities. The model presented in this paper proves that accountability and transparency in financial reporting do not only imply certain managerial procedures but become crucial components in the process of securing sustainability of financing.

Theoretically, the contribution of this research lies in combining governance theory, Resource-Based View, and sustainability theory into a single approach to the problem of management in the context of school finance using waqf. From a practical viewpoint, the model can be applied in developing the policies concerning the governance and financial sustainability of institutions funded by waqf.

As for the directions for future research, the further empirical testing of the proposed framework would allow generating valuable insights into the mechanisms of interaction between governance and resource management in waqf-based financing of educational institutions.

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