



AN ANALYSIS OF WAQF MODELS IN MALAYSIAN HIGHER EDUCATION INSTITUTIONS: A CONCEPTUAL REVIEW

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Abstract: This study examines the importance of diversifying funding sources in Malaysian Higher Education Institutions (HEIs) through the waqf instrument in order to achieve long-term financial sustainability. Amid increasing budgetary constraints and reductions in government funding, public universities are compelled to explore more autonomous and innovative financing mechanisms. The primary objective of this study is to analyse the various forms of waqf that have been implemented in Malaysian HEIs and to assess their potential within the national higher education ecosystem. Adopting a qualitative research design based on library research and document analysis, this study reviews existing literature, university annual reports, and policy documents related to waqf administration. The findings classify waqf practices in HEIs into five main categories: (1) Cash Waqf, which remains the most dominant and easily implemented instrument; (2) Real Estate Waqf, involving physical assets such as land and buildings; (3) Corporate Waqf, which utilises business entities to generate waqf income; (4) Movable Waqf (*Waqf Manqul*), comprising transferable assets; and (5) Service or Skills Waqf, an emerging dimension that leverages the intellectual capital of academics. The study finds that while cash waqf has gained significant traction, the potential of corporate waqf and skills-based waqf remains underexplored due to legal constraints and limited public understanding. The study highlights the need for policy harmonisation between State Islamic Religious Councils (MAIN) and universities to strengthen waqf governance, thereby transforming HEIs from passive fund recipients into sustainable generators of ummah wealth.

Keywords: Educational Waqf; Financial Sustainability of HEIs; Cash Waqf; Corporate Waqf; Waqf Governance



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INTRODUCTION

In an era of globalisation characterised by intense competition, the higher education sector in Malaysia faces monumental challenges in achieving financial sustainability. Higher Education Institutions (HEIs), particularly public universities, have traditionally relied heavily on

government grants to finance their operational and developmental costs. However, global economic uncertainty and shifts in national fiscal policy have compelled the government to reduce allocations to public universities, forcing these institutions to seek more creative and self-sustaining funding alternatives (Ab Rahman et al., 2018).

This situation places university administrators in a critical dilemma regarding the maintenance of academic and research quality without burdening students through increased tuition fees. Within this context, waqf has emerged as a strategic Islamic financial instrument that is not only Shariah-compliant but also historically proven in advancing Islamic intellectual civilisation, as exemplified by renowned institutions such as Al-Azhar University (Sulaiman & Hasan, 2019).

The problem statement of this study centres on the gap between the theoretical potential of waqf and its practical implementation in Malaysia. Despite growing awareness of educational waqf, its application in HEIs remains largely confined to cash collections, with limited exploration of more innovative and comprehensive waqf dimensions (Hussin et al., 2024). Ideally, university waqf should function as an integrated funding ecosystem encompassing physical assets, corporate equity holdings, and intellectual expertise. In reality, however, many HEIs continue to grapple with legal and bureaucratic constraints, particularly the concentration of waqf management authority under the State Islamic Religious Councils (MAIN), which limits institutional autonomy in managing waqf assets efficiently (Ahmad & Rusdi, 2020; Mahamood, 2019). Furthermore, the absence of synthesised literature that critically categorises existing waqf models has left university administrators uncertain about the approaches that best align with their institutional capacities.

Previous studies have largely focused on the general legal and managerial aspects of waqf, with limited emphasis on the specific typologies or classifications of waqf models currently operating within Malaysian university campuses (Mustaffa & Muda, 2014). Past attempts to address funding challenges have often been ad hoc in nature, such as unsustainable alumni donation campaigns or high-risk commercial investments. The failure to optimise waqf instruments not only undermines the economic potential of universities but also restricts public participation in contributing productively to national human capital development (Ismail et al., 2019). Additionally, the lack of modern fundraising integration, such as crowdfunding platforms, further hinders the scalability of these projects (Mohd Thas Thaker & Thaker, 2015).

Accordingly, this study seeks to fill this knowledge gap through a conceptual analysis of waqf models implemented in Malaysian HEIs. Its primary objective is to identify and categorise waqf instruments ranging from traditional to contemporary forms, while discussing their implementation mechanisms. This study is significant as it offers a reference framework for policymakers and university administrators to diversify their waqf portfolios, thereby facilitating a shift from a culture of fund solicitation to one of asset generation (Ambrose et al., 2018; Hassan et al., 2022). The article begins with a discussion of the financial crisis confronting HEIs, followed by a critical literature review, methodology, findings on waqf classifications, and concluding with policy-oriented discussions and recommendations.

LITERATURE REVIEW

This literature review provides a critical analysis and synthesis of prior studies on waqf implementation in higher education institutions, with particular emphasis on the Malaysian context. Educational waqf is not a novel concept; it is deeply rooted in Islamic civilisation, where prominent institutions such as Al-Qarawiyyin University in Morocco and Al-Azhar University in Egypt were fully financed through waqf revenues. In Malaysia, the resurgence of waqf as a higher education financing instrument has been driven by the urgent need for financial autonomy following reductions in government funding.

The first critical lens in the literature focuses on the evolution of waqf management models in HEIs. Studies by Mahamood (2011) and Ab Rahman (2009) highlight legal constraints as the principal challenge, as state waqf enactments designate MAIN as the sole trustee. This creates a bureaucratic bottleneck for universities seeking to manage waqf funds expeditiously. However, recent developments indicate a paradigm shift, as several public universities have obtained *Mutawalli Khas* status, enabling them to manage waqf collections and distributions more efficiently (Hussin et al., 2024). The literature suggests that this status serves as a critical determinant differentiating successful waqf mobilisation among universities.

The literature on waqf forms reveals a dominant focus on Cash Waqf. Johari et al. (2015) and Pitchay et al. (2018) identify cash waqf as the most popular instrument in HEIs due to its simplicity, flexibility, and accessibility to the public through small donation amounts. Nevertheless, scholars such as Gundogdu (2018) caution that excessive reliance on cash waqf without backing by permanent assets exposes waqf funds to inflationary risks and undermines long-term sustainability. This highlights a strategic imbalance in university waqf investment portfolios.

In relation to Corporate Waqf, studies by Ramli and Jalil (2013) and Htay (2014) discuss this model as an innovation whereby universities establish corporate entities or hold waqf shares to generate income. While the potential returns are significant, the literature indicates that implementation within HEIs remains nascent compared to corporate sector models such as Johor Corporation (JCorp). There is a notable lack of empirical studies examining the success of university-managed corporate waqf models, signaling a critical research gap.

An emerging dimension in contemporary literature is Service and Skills Waqf. Salleh et al. (2022) and Mohiddin (2021) explore the potential for academics to endow their expertise as a form of non-material waqf. Although this concept aligns with contemporary fiqh perspectives, its implementation in Malaysia remains under-documented and is often subsumed under generic “community service” rather than formally recognized as waqf.

Overall, the literature indicates that while numerous studies address waqf governance and legal frameworks, few attempt to construct a comprehensive taxonomy of waqf forms within the HEI ecosystem. Existing studies tend to be fragmented, focusing narrowly on cash waqf or legal issues. This study addresses this gap by synthesizing diverse waqf forms into a coherent conceptual framework that bridges classical fiqh principles with contemporary university practices.

METHODOLOGY

This study adopts qualitative research that is conceptual and descriptive in nature. The selection of this design is grounded in the study's objective to develop in-depth theoretical understanding and classification of waqf practices rather than to test statistical hypotheses. Qualitative inquiry enables exploration of the nuanced and diverse manifestations of waqf across Malaysian public universities.

The primary data collection methods are library research and document analysis. Primary sources include university annual reports, financial reports of university waqf centres (such as USIM's Waqf and Zakat Centre and WAZAN UPM), state waqf enactments, and official guidelines issued by the Department of Waqf, Zakat and Hajj (JAWHAR) and the Ministry of Higher Education (MOHE), including the University Income Generation Book (Purple Book). Secondary sources comprise peer-reviewed journal articles, conference proceedings, and academic theses published within the past decade to ensure relevance to current developments.

Data analysis was conducted using content analysis techniques. Documents were systematically reviewed and categorized according to emerging waqf themes. Through inductive synthesis, a coherent typology of waqf models was developed, allowing for macro-level insights into Malaysia's higher education waqf ecosystem without the logistical constraints of fieldwork.

RESULTS

The conceptual analysis of the literature and documents related to waqf implementation in Malaysian Higher Education Institutions (HEIs) has successfully classified waqf instruments into several main forms currently in practice. This classification reflects the adaptation of classical fiqh principles within the context of modern university management, demonstrating a shift towards more diversified financial sustainability mechanisms (Hassan et al., 2022).

The first and most widely implemented form is Cash Waqf. The findings indicate that almost all Malaysian Public Universities (PUs), including USIM, UPM, UKM, UM, and UniSZA, have established cash waqf funds. This instrument is popular as it lowers entry barriers for donors, allowing individuals to participate with contributions as small as RM1. Cash waqf collection mechanisms are implemented through various innovative channels, including staff salary deductions via monthly infaq schemes, online transfers, and public crowdfunding platforms (Khamis & Mohd Salleh, 2018). The accumulated funds are typically invested in Shariah-compliant financial instruments or directly utilised to finance student scholarships, living assistance, and the development of small-scale facilities (Hussin et al., 2024).

The second form is Real Estate Waqf, which refers to the endowment of permanent physical assets such as land and buildings. Although this represents a traditional form of waqf, its implementation within HEIs faces significant capital constraints due to the high costs of property development (Pitchay et al., 2015). Nevertheless, successful models exist in which universities have received donations from residential colleges or laboratory buildings from corporate entities or alumni. A notable example includes the development of student residential colleges or Islamic centres on campus constructed using dedicated waqf funds or endowed land.

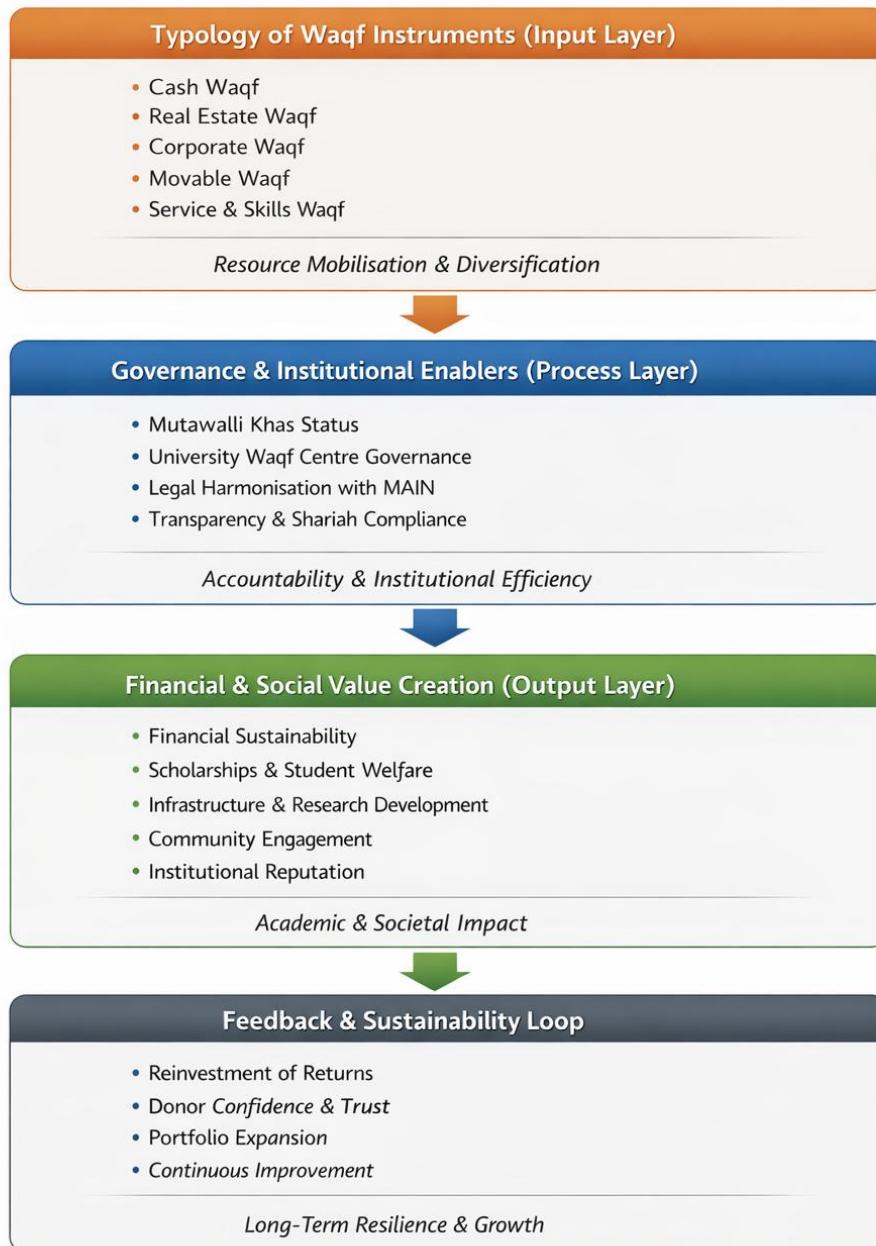
This approach aligns with the need to develop physical infrastructure that serves the educational ecosystem directly (Mahamood, 2019).

The third form is Corporate Waqf. The findings suggest that this model is increasingly adopted as a financial sustainability strategy to generate recurring income (Ab Rahman et al., 2018). Under this model, universities or their waqf entities hold equity stakes in business enterprises or establish Special Purpose Vehicles (SPVs) where a portion of profits or shares is endowed as waqf. This arrangement enables waqf funds to grow through productive commercial activities, with dividends subsequently channeled back to support academic operations and university research (Abd Wahab & Borhan, 2014).

The fourth form is Movable Waqf (Waqf Manqul), which refers to the endowment of movable assets such as vehicles, water filtration machines, medical equipment, and computers. This form of waqf satisfies the general conditions of waqf insofar as the asset remains durable and is not consumed through use (Ismail et al., 2019). Donors may endow personal assets for the benefit of students and university staff, making this form of financing relatively easier to mobilise compared to real estate. It often reaches funding targets quickly and delivers immediate, visible outcomes for the university community.

The fifth form, representing a significant finding within the context of the knowledge-based economy, is Service and Skills Waqf. The analysis indicates that several HEIs have begun to recognise professional services and expertise as a legitimate form of waqf (Sulaiman & Hasan, 2019). This includes medical lecturers providing free treatment at teaching hospitals, engineering experts offering pro bono consultancy for community projects, or academics producing scholarly works without royalties for public benefit. Although its monetary value is more difficult to quantify compared to cash waqf, its impact on social development and institutional reputation is substantial and aligns with the broader objectives of Maqasid Shariah (Abdullah, 2019).

Figure 1: An Integrated Waqf Framework for Financial Sustainability and Social Impact in Malaysian Higher Education



DISCUSSION

The discussion of the findings highlights the complex dynamics between waqf theory and its practical implementation within the Malaysian higher education landscape. The classification of five waqf forms, namely Cash, Real Estate, Corporate, Movable, and Service-based waqf, indicates that Higher Education Institutions (HEIs) in Malaysia are gradually moving towards a more holistic diversification of funding sources. This shift aligns with the objectives of Islamic economic principles, specifically Maqasid Syariah, which emphasises the preservation of intellect (*hifz al-'aql*) and wealth (*hifz al-mal*) (Abdullah, 2019; Hassan et al., 2022).

The dominance of Cash Waqf identified in this study is consistent with the findings of Hussin et al. (2024) and Khamis and Mohd Salleh (2018), who describe it as an instrument that democratises waqf participation. The convenience of digital transactions and the flexibility of contribution amounts have successfully attracted mass participation, not only from affluent donors but also from students and support staff. This demonstrates that universities have effectively adapted the waqf concept to align with the current economic capacity of society. Nevertheless, critical concern must be raised regarding the excessive reliance on cash waqf without a parallel strategy for investing in permanent assets such as real estate. Such reliance may expose university funds to short-term liquidity risks due to inflation (Pitchay et al., 2015). This stands in contrast to the historical model of Al-Azhar University, which remains financially resilient owing to its extensive real estate waqf holdings.

Movable Waqf financing has also gained considerable traction due to its relatively low cost and ability to achieve funding targets within a short period. Donors are often more inclined to contribute to these funds because the outcomes of their endowments, such as medical equipment or transportation, can be quickly observed and directly enjoyed by beneficiaries (Ismail et al., 2019). This immediacy of impact strengthens donor confidence and encourages sustained participation, effectively addressing the issue of trust deficits often found in general fund management.

The findings related to Service and Skills Waqf open an important theoretical discourse. This form challenges the conventional definition of waqf which has traditionally been confined to tangible physical assets. The acceptance of this concept within Malaysian HEIs reflects a paradigm shift towards what Sulaiman and Hasan (2019) describe as a broader interpretation of waqf, where services and professional expertise are recognised as endowable assets. This approach is particularly relevant for universities since their primary asset lies in human capital. The formal integration of skills-based waqf into academic staff Key Performance Indicators could serve as a powerful strategy to enhance community engagement without imposing additional financial costs on institutions.

From the perspective of Corporate Waqf, although its potential for generating recurring income is substantial, the findings indicate that its implementation within HEIs remains less developed compared to private sector models (Ab Rahman et al., 2018). This limitation may be attributed to bureaucratic constraints and a lack of investment expertise among university administrators, who are typically drawn from academic backgrounds rather than commercial sectors (Ahmad & Rusdi, 2020). Stronger collaboration between universities and industry players is therefore necessary to ensure the professional management of corporate waqf funds. In addition, legal issues surrounding the status of universities as Mutawalli Khas (Special Trustee), as discussed by Mahamood (2019), remain a decisive factor. Universities granted mutawalli authority tend to be more proactive and innovative in diversifying waqf instruments compared to those that remain fully bound by the administrative structures of the State Islamic Religious Councils (MAIN) (Mustaffa & Muda, 2014).

Overall, the diversity of waqf forms offers a layered financial safety net for HEIs. While cash waqf provides immediate liquidity, real estate and corporate waqf ensure long-term sustainability, and skills-based waqf strengthens the social impact of universities. True success does not lie in prioritising one form over another, but rather in integrating all forms into a cohesive and mutually reinforcing financial ecosystem (Ambrose et al., 2018).

CONCLUSION

In conclusion, this study has successfully achieved its objective of analysing and classifying the forms of waqf implemented in Malaysian Higher Education Institutions. The conceptual review confirms that the landscape of educational waqf in Malaysia is no longer monolithic. Instead, it has evolved to encompass Cash Waqf, Real Estate Waqf, Corporate Waqf, and Service or Skills Waqf. This evolution reflects the commitment of universities to move beyond dependence on government funding and to explore the genuine wealth-generating potential of Islamic economic instruments.

The theoretical implications of this study contribute to the discourse on educational waqf by elevating the importance of non-physical assets, particularly expertise, to a level comparable with physical assets within the context of a knowledge-based economy. From a practical and policy perspective, the findings suggest that the Ministry of Higher Education and the State Islamic Religious Councils should collaborate more closely to streamline legal processes and enable a greater number of universities to obtain Mutawalli Khas status. Such autonomy would provide universities with the flexibility required to innovate corporate waqf products and investment strategies more efficiently.

The limitations of this study stem from its conceptual nature and reliance on secondary data sources. Future research is therefore recommended to adopt empirical approaches, such as case studies or in-depth interviews, to measure the actual effectiveness and financial returns on investment of each identified waqf form. Ultimately, strengthening the diversity of waqf instruments in higher education is not merely a financial agenda. It represents an educational commitment to safeguarding the continuity of knowledge and ensuring the sustainable development of the ummah's civilisation in the future.

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